2008 SL Service Provider Conference Call Minutes

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Conference Call Dates

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

January 2, 2008

AGENDA

- Revised Date for 2008 Service Provider Conference Calls
- Funding Commitments for FY2007
- Service Provider Training – Spring 2008
- FC Form 470 Download Tools
- FCC Form 470 Posting Deadline – January 10, 2008
- Invoicing Deadline – January 28, 2008
- FCC Form 471 Window Close – February 7, 2008
- Other
- General Questions Received by Email

MINUTES

1. **Revised Date for 2008 Service Provider Conference Calls**

Monthly service provider calls will now be held on the first Wednesday of each month. The time, call-in number, and passcode will remain the same.

2. **Funding Commitments for FY2007**

USAC has not issued any FY2007 funding waves since the last service provider call. Watch the SL News Brief that is issued each Friday for information about funding waves for the following week.

You can find information on commitments by using the Automated Search of Commitments tool on the USAC website.

Remember that we are posting information on appeal waves and prior year waves for each month in the Applicant Conference Call section of the Outreach and Training webpage.

3. **Service Provider Training – Spring 2008**

We are planning to hold two service provider training sessions in April 2008 – one in the East and one in the West. Please let us know if you have any suggestions for locations, subjects to cover, etc.

4. **FCC Form 470 Download Tools**

Applicants are continuing to post FCC Forms 470 to the USAC website. You can use the FCC

Form 470 Search Posted tool to review individual forms or the FCC Form 470 Download Reports tool to download a comma-delimited file with information from multiple forms. If you have any technical difficulties using these tools, please notify the Client Service Bureau at (888) 203-8100.

5. FCC Form 470 Posting Deadline – January 10, 2008

In general, Forms 470 posted after January 10 will not result in Forms 471 eligible for FY2008 E-rate discounts. (A Form 470 posted for a State Replacement Contract is an exception, but very specific guidance applies in that situation.) Applicants that post a Form 470 after this date will not be able to wait the necessary 28 days before selecting a service provider, signing a contract, and signing and submitting a Form 471 by the window close deadline of February 7, 2008.

6. Invoicing Deadline – January 28, 2008

January 28 is the deadline for submitting an invoice – BEAR Form or SPI Form – for non-recurring services with a service delivery deadline of September 30, 2007. Most of the non-recurring services with this deadline are from FY2007; however, keep in mind that services from previous funding years with service delivery extensions may also be included in this deadline. If a deadline for service delivery or invoicing has been extended, it will appear in the Funding Request Number Extension Table.

Please also log into the E-File system and check to see if any BEAR Forms are waiting for your review and approval.

7. FCC Form 471 Window Close – February 7, 2008

The deadline for filing FCC Forms 471 for FY2008 is 11:59PM ET on Thursday, February 7. Forms may be certified after this deadline; however, if the Submit button has not been pushed on an online form or a paper form has not been postmarked on or before this date, it will not be considered in-window.

8. Other

Payments for the month of December totaled $117,865,051.20 against requests for $153 M. In total, 5,036 invoices were processed for 1,182 service providers. This represented 24,730 lines in December with 96 percent being completed within 30 days.

There are 999 lines in process as of Dec 28.

9. General Questions Received by Email

Q1: We would like to see a Service Provider Training session for Spring 2008 offered somewhere in the central United States. On the last conference call you said they would be held on both coasts.

A1: Thanks for your suggestion. We are planning to hold one session in the East and one in the West, not necessarily on the coasts, at locations that are as convenient as possible to air and surface transportation options.

Q2: What is holding up Y10 Priority 1 funding decisions?

A2: FY2007 funding waves have not been issued in the latter half of December due to reduced staff availability during the winter holiday period. We expect to resume waves in early to mid-January.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

February 6, 2008

AGENDA

- Funding Commitments for FY2007
- FY2008 Window Close Activities
- New Automated Search of Commitments Tool
- Update on Service Provider Training
- Invoicing Update
- General Questions Received by Email

MINUTES

1. **Funding Commitments for FY2007**

We are still making Priority 2 commitments at the 83 percent discount level and above and denying at 79 percent and below. We do not know when we will be able to make decisions on 80 percent, 81 percent, or 82 percent. Here is a list of the FY2007 commitments since the last call:

Wave	FCDL Date	Amount
034	1/16/2008	$105.7 M
035	1/22/2008	$20.3 M
036	1/29/2008	$11.7 M
037	2/7/2008	$22.2 M

There will not be a wave next week.

2. **FY2008 Window Close Activities**

The window will close at 11:59PM ET on Thursday, February 7. FCC Forms 471 must be submitted online or postmarked on or before this date.

In about two weeks, USAC will issue a letter to applicants that submitted an FCC Form 471 online by the close of the window but have not yet certified the form. The letter will establish a 20-day deadline for applicants to postmark a paper certification.

- Applicants that postmark a certification on or before the 20-day deadline will see the status "Certified – In Window" after we have successfully data entered their certification.

- Applicants that certify online on or before the 20-day deadline will see the status "Certified – Out of Window" until we have run a query to identify their forms and then moved those forms to the status "Certified – In Window."

Meanwhile, USAC continues to process the remaining paper forms and work on the FY2008 Demand Estimate. This is a summary by discount band and category of service of all the requests filed within the filing window. After USAC has completed the Demand Estimate and submitted it to the FCC, it will be posted to the USAC website.

USAC has also begun the application review process for FY2008.

3. New Automated Search of Commitments Tool

In the next few weeks, the existing Automated Search of Commitments tool will be replaced with an updated tool that is much easier to use. There will be an article in the Friday Schools and Libraries News Brief describing the features of the new tool just before it becomes available.

The tool will be organized by funding year, then by wave. The primary difference from the old version of the tool - other than ease of use - is that the data will be updated every night. In other words, the individual entries and the totals for particular waves may change. For example:

- If an appeal is granted and funding increased on an FRN, both the amount of funding for that FRN and the total for the wave in which it appeared will increase.
- If an FCC Form 500 is filed to reduce a funding commitment on an FRN, both the amount of funding for that FRN and the total for the wave in which it appeared will decrease.

4. Update on Service Provider Training

We are planning to hold two service provider training sessions in April 2008 - one in the East and one in the West. Please let us know if you have any suggestions for locations, subjects to cover, etc. by February 22.

5. Invoicing Update

Payments for the month of January totaled $131,878,611.91 against requests for $187 M. In total, 7,519 invoices were processed for 1,458 service providers. This represented 34,688 lines in January with 97 percent being completed within 30 days.

There are 645 lines in process as of Feb 6.

- **Invoice Deadline**
  - The invoice deadline of January 28, 2008 applies to non-recurring services with a service delivery deadline of September 30, 2007.

- o BEAR Forms that were not certified by that date may be rejected. Please review your outstanding BEAR Forms that require certification. You can do this by logging into the E-file System and searching for BEAR Forms pending certification.

- **Invoice Deadline Extensions for FY2007 Recurring Services**

  - o USAC has received over 6,000 requests to extend the October 28, 2008 deadline for specific FRNs. We have processed most of these but we have received almost 1,000 additional requests since December. We have moved more staff to process these requests and we should be current within the next few weeks. In the meantime, please do not submit repeat status requests.
  - o You can easily check to see if your request has been approved by finding your FRN in the FRN Extension Table and looking at the last date to invoice that appears in the far right-hand column. The table is located under the Search Tools menu on the USAC website.

6. **General Questions Received by Email**

Q1: We currently do not receive an email letting us know that there are BEAR Forms awaiting certification. How do we get this notification?

A1: In some cases, you do not start getting the email notifications until you have approved your first BEAR Form online. If you have done so and you are still not receiving email notifications, please call the Client Service Bureau at (888) 203-8100 for assistance.

Remember that you do not need to receive an email before you can log into the system and review any outstanding BEAR Forms. If you log in once a week, you can act on any pending BEAR Forms without missing a deadline.

Q2: We currently have a number of "old" BEAR Forms sitting out online awaiting certification that should really be deleted. Most have also been submitted via paper and approved via paper, so in order not to duplicate we have just been waiting for them to age off the online system. There are a number of them out there so in order not to get confused we are wondering if there is a way to get these deleted?

A2: USAC does not currently delete BEAR Forms that have passed the deadline for approval. If you would like to delete them yourself, you can either:

- **Delete them One at a Time** – Review each form and certify it at the bottom of the form without selecting any line items for approval. This effectively denies that BEAR Form.
- **Delete them in Bulk** – Use the Download function at the top of the page to download all outstanding BEAR Forms. For each BEAR Form where you leave Column A blank or enter "N," you will deny that form and clear it out of the system when you upload the spreadsheet.

Q3: How can an applicant tell if a service provider has filed a "global service substitution"? Often the manufacturer of the equipment does not sell directly to the public; only through resellers who would have no idea when and if the manufacturer filed a service substitution for discontinued models. Does SL maintain a list of approved "to and from" global service substitutions?

A3: USAC does not provide this information to applicants, but applicants can ask either their service providers or the product manufacturers if they have filed a global service substitution. Remember that a global service substitution is not mandatory, because an applicant can obtain the original model instead of the model approved for substitution if it is still available.

Q4: Several potential customers have insisted in their RFP response that we include a clause/addendum to the proposed contract that they can be released from the contract if their funding is cut dramatically or is denied altogether. They say that the FCC (and by extension USAC) allows them this release clause and it is an FCC mandate. I have been unable to find any such statement in the USAC website in the applicant directions. Am I missing something?

A4: There is not an FCC mandate for a release clause. Remember that a contract is negotiated by both parties and both parties to a contract should be comfortable with the terms and conditions of the contract.

Here are the contract requirements based on FCC rules and policies for the E-Rate program:

- The contract must contain an applicant signature.
- The contract must contain a date that is on or before the date the FCC Form 471 is signed and submitted.
- The contract must comply with all applicable state and local procurement rules and regulations and state contract law.

Also note that USAC will not pay for services delivered after the Contract Expiration Date.

Q5: Several potential customers have insisted that the effective contract date must be 07/01/YYYY for single year and multi-year contracts. In one instance the actual contract date would have been several weeks after 07/01 but the potential customer is requesting that should they receive a funding commitment, that they would be locked into the pricing starting with the 07/01 invoice even if the date on the contract is after 07/01. Is it correct that contracts must have an effective start date of 07/01?

A5: A contract is not required to have a service start date of July 1 of the first funding year in which services will start.

Services may start later than July 1. For example, the applicant and service provider may agree that the installation of the products on a contract will begin during the following summer, because Internal Connections can be delivered and installed through the September 30 following the close of the funding year.

In some cases, services may start earlier than July 1. For example, if an applicant wants monthly service for a telephone but the line has not yet been installed, the line can be installed before July 1 in order for the applicant to receive service for the entire funding year.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

March 5, 2008

AGENDA

- Funding Commitments for FY2007
- FY2008 Demand Estimate
- RAL Corrections for FY2008 Applications
- Invoicing Update
- Other

MINUTES

1. Funding Commitments for FY2007

We are still making Priority 2 commitments at the 83 percent discount level and above and denying at 79 percent and below. We do not know when we will be able to make decisions on 80 percent, 81 percent, or 82 percent. Here is a list of the FY2007 commitments since the last call:

Wave	FCDL Date	Amount
037	2/7/2008	$22.2 M
038	2/19/2008	$18.0 M
039	2/26/2008	$15.5 M
040	3/4/2008	$25.7 M

2. FY2008 Demand Estimate

For FY2008, applicants submitted just over $4.3 billion in funding requests: about $1.95 billion in Priority 1 and about $2.35 billion in Priority 2. The FY2008 Demand Estimate is now available on the USAC website.

3. RAL Corrections for FY2008 Applications

This is now the second year that, because of the Bishop Perry Order, applicants can correct many errors on their applications after submission. One of the most significant changes is that they can increase the amount of a funding request if the submitted amount is incorrect.

Although service providers cannot request corrections to Forms 471, they receive copies of RALs and can review them for errors. If you find an error on a RAL, it would be a good idea to notify your customer so that a correction can be submitted.

4. Update on Service Provider Training

We are planning to hold two one-day service provider training sessions in early May 2008. The current plan is to hold one in Miami and one in Salt Lake City. We are working on hotel contracts and should have information on registration before the end of the month.

There will be an informational session on the Rural Health Care Pilot Program at the conclusion of the Miami training session. If you would like to attend this informational session, pay close attention to the Schools and Libraries service provider training announcement.

Important Note: Rural Health Care is not offering a separate service provider training session on the RHC Pilot Program. Information for service providers will be available shortly on the USAC website, and there will also be a monthly conference call that service providers can join. In the meantime, if you have questions about the RHC Pilot Program, you can send email.

5. Invoicing Update

Payments for the month of February totaled $98,797,875.97 against requests for $138.7 M. In total, 6,689 invoices were processed for 1,394 service providers. This represented 29,719 lines in February with 98 percent being completed within 30 days.

There are 805 lines in process as of March 5.

- **Deadline Extensions**

We have completed 1,470 deadline extension requests in the last two months. We are working diligently to get decisions out on the 300 or so requests remaining. We have also expedited the process by sending our decisions to the requestors via email.

6. Other

Service providers who use the E-File system to log in and communicate electronically with USAC must accept the Terms and Conditions of use. Because USAC has recently revised these Terms and Conditions, service providers must accept the revised Terms and Conditions the next time they log into the E-File System.

For more information, refer to the February 22, 2008 SL News Brief.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

April 2, 2008

AGENDA

- Funding Commitments for FY2007
- Service Provider Training
- Update to Eligibility for Non-Traditional K-12 Students/Facilities
- Sample Service Provider Letters on Website
- Invoicing Update
- Other
- General Questions Received by Email

MINUTES

1. **Funding Commitments for FY2007**

We are still making Priority 2 commitments at the 83 percent discount level and above and denying at 79 percent and below. We do not know when we will be able to make decisions on 80 percent, 81 percent, or 82 percent. Here is a list of the FY2007 commitments since the last call:

Wave	FCDL Date	Amount
041	3/12/08	$17.4 M
042	3/18/08	$8.6 M
043	3/25/08	$16.2 M
044	4/1/08	$2.9 M

2. **Service Provider Training**

Service provider training will be held on May 8 in Miami and May 14 in Salt Lake City. The Miami training will be followed by an informational presentation on the Rural Health Care Pilot Program.

The Service Provider Training Information page has details on the training, including hotel information and a link to registration.

As of noon today we have 148 registrations for Miami and 68 for Salt Lake City.

3. **Update to Eligibility Table for Non-Traditional K-12 Students/Facilities**

In some cases, services to Head Start, pre-kindergarten, juvenile justice, and adult education

students and/or facilities are eligible for discounts. The Eligibility Table for Non-traditional K-12 Students and Facilities provides information on eligibility on a state-by-state basis. We have recently updated the website guidance on Non-traditional Elementary and Secondary Education to include information on Head Start and added a column to the table to include Head Start eligibility information.

4. Sample Service Provider Letters on Website

We post sample versions of certain applicant letters in the [Samples and Examples](#) section of the website. Lately we have started adding sample copies of service provider letters as well for your reference.

We now have sample copies of the following service provider letters:

- Receipt Acknowledgment Letter
- Funding Commitment Decision Letter
- FCC Form 486 Notification Letter
- FCC Form 500 Notification Letter
- FCC Form 472 (BEAR) Notification Letter

5. Invoicing Update

Payments for the month of March totaled $123,174,502.85 against requests for $161.8 M. In total, 7,932 invoices were processed for 1,423 service providers. This represented 37,324 lines in March with 98 percent being completed within 30 days.

There are 1,503 lines in process as of March 5.

- **Invoicing Reminders**

    o SPAC Forms – Service providers must submit a Service Provider Annual Certification (SPAC) FCC Form 473 for each funding year before USAC can pay invoices for that year. For instance, if you have an FRN for FY2006 with an extended service delivery deadline, then a SPAC for FY2006 must be on file with USAC before USAC can pay an invoice (a SPI FCC Form 474 or a BEAR FCC Form 472) for that or any other FY2006 FRN.
    o Invoice Forms – If you choose to file invoices on paper, be sure to use the most current (April 2007) version of the BEAR FCC Form 472 or SPI FCC Form 474. Information submitted on an older version of these forms will have to be re-submitted on the current version before USAC can process the invoice.

6. General Questions Received by Email

Q1: Based upon the Estimate of Demand for Funding Year 2008 letter dated February 29, 2008 that USAC sent to the FCC, unless the actual demand actually goes down significantly, it does not appear USAC has enough money to fully approve all the Priority Two Internal Connections

projects in the 90% discount band. If the demand does not go down enough to fully fund all the 90 percent IC projects, how will USAC handle this? What are USAC's options?

A1: USAC funds Priority 1 requests first. The first few funding waves each year include only Priority 1 requests. USAC reviews the remaining funding available and the percentage of denials after each wave to determine how much funding is still available.

There are two possible scenarios if funding is not sufficient for Priority 2 requests at a particular discount level:

- The FCC can roll over unused funds from previous funding years.
- USAC can partially funding all requests at that discount level. However, USAC has never exercised this option because of the confusion it would cause.

For more information see the program rules – specifically, Section 54.507 – Cap.

Q2: There used to be a site, where you could go in and see Service Provider Conference call minutes. Can you please lead me to this path, so I can look at minutes for conference calls that I was not able to join in on?

A2: Follow the link marked "Trainings & Outreach" on the left-hand side of any page of the website, then choose "Conference Calls." At the bottom of that page is a list of call dates.

Q3: I have a customer who files Service Substitutions for 4 different FRN's. When I called USAC to see if they were approved they told me that they cannot provide that information to the Service Provider. How are we to move on with only word from the applicant that it was approved? Not knowing if we will be able to invoice and get paid at a later date? Also if it was approved where do I see if the Delivery Deadline changed because it was supposed to?

A3: Call the Client Service Bureau (CSB) at (888) 203-8100 for the status of a service substitution request. You should have the FCC Form 471 application number and the Funding Request Number (FRN) available.

If a Service Delivery Deadline for an FRN has been changed for any reason, you can find the new deadline in the FRN Extension Table.

Q4: An applicant signed a 3 year contract for 40 MB of Internet access in February of 2008 after waiting 28 days and evaluating bids. The applicant then submitted their FCC Form 471 before the deadline of 2/6/2008. The applicant has now discovered that they can obtain, from the same service provider, 80 MB of bandwidth for a marginal increase in cost.

Is the applicant allowed to sign a 3 year contract in April or May for the new 80 MB service and be funded in Year 2008? If so, is the FCC Form 470 still "valid" (posted in Nov of 2007 requesting a minimum of 40 MB Internet access)? We understand that the applicant may not ask for an increase in funding in this case, but we are worried that funding would be denied because the contract was signed post-submission of the FCC Form 471.

Would the applicant be penalized if an audit occurred at a later date and the auditing firm discovered that the contract was signed after submitting the FCC Form 471?

Perhaps this situation is best handled by a service substitution, which would be fine. If that is the case, then the same questions about which 470 to cite and contracts signed after Form 471 submission still are relevant.

A4: Signing a new contract after the FCC Form 471 has been submitted is not advisable.

- The competitive bidding process is a cornerstone of the E-rate program, and both applicants and service providers must comply with program rules. If an increase in service cannot be handled by a minor contract modification (in other words, if it is a cardinal change), other service providers would probably want an opportunity to bid on the increased services. In the situation described above, they would not have that opportunity.
- Signing a contract in the middle of a funding year may cause problems with PIA reviews, invoice reviews, audits, and other program compliance activities.
- In this situation, a service substitution may not be permitted. Keep in mind the criteria for service substitutions:
  - The substituted services or products have the same functionality as the services or products contained in the original proposal.
  - The substitution does not violate any contract provisions or state or local procurement laws.
  - The substitution does not result in an increase in the percentage of ineligible services or functions.
  - The requested change is within the scope of the controlling FCC Form 470, including any Requests for Proposal, for the original service.

Q5: Will the 2008 Service Provider Training be available via webcast this year? If not, will it be available to view later on USAC's website?

A5: We are not planning to do a webcast or to record the training. However, the presentations will be posted on the website in advance of the training and will remain up after the training has been completed.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

April 30, 2008 (Rescheduled)

AGENDA

- First Funding Wave for FY2008
- Funding Commitments for FY2007
- Update on Service Provider Training
- FY2009 FCC Forms 470
- Invoicing Update
- Other

MINUTES

1. **First Funding Wave for FY2008**

USAC will issue the first funding wave for FY2008 tomorrow. This wave includes about $353 million in funding commitments for Priority 1 services for schools and libraries at all discount levels.

USAC plans to issue weekly funding waves for FY2008 from this point forward. Remember that early waves for a funding year do not include commitments for Priority 2 services.

2. **Funding Commitments for FY2007**

USAC is denying Priority 2 funding requests at 80 percent and below and funding approved requests at 81 percent and above. USAC will continue to issue weekly waves for FY2007. Here is a list of the FY2007 funding commitments since the last call:

Wave	FCDL Date	Amount
045	4/8/2008	$15.8 M
046	4/15/2008	$228.7 M
047	4/22/2008	$16.4 M
048	4/28/2008	$6.5 M

3. **Update on Service Provider Training**

The Miami training session is full. There are still slots available for the Salt Lake City training. If you have a problem with hotel reservations, call or send an email using the information in the Service Provider Training announcement.

4. FY2009 FCC Forms 470

Applicants can now file an FCC Form 470 for FY2009. Most applicants will wait until the fall of 2008 to do so, but you can use the FCC Form 470 Search Posted tool and the FCC Form 470 Download tool to search for current postings.

5. Invoicing Update

Payments for the month of April totaled $127,868,116.44 against requests for $158 M. In total, 8,564 invoices were processed for 1,547 service providers. This represented 38,861 lines in April with 98 percent being completed within 30 days.

There are 1,190 lines in process as of April 29.

- **Reminders on Service Certifications**

USAC may require a service certification as part of the invoice review process. The service certification gives the applicant a chance to verify that the services featured on the invoice have been received.

In addition to the service certification, USAC may ask for a copy of detailed customer bills that support the charges on the invoice. Clear details on the customer bills help the invoicing team review the invoices more quickly for correctness and completeness.

On occasion, USAC may also ask for proof of payment of the applicant share of the cost of the service. If USAC asks for proof of payment, be sure that you can provide proof (e.g., a copy of the front and back of a check or a screen shot of your bank's posting notification) that the funds were received by your institution.

6. Other

The new Automated Search of Commitments tool is now live. This tool gives real-time information on funding waves instead of the static information provided in the past. For more information on how to search for information, you can refer to the April 25, 2008 SL News Brief.

Out-of-window letters will be going out next week for FY2008. These letters notify applicants that FCC Forms 471 that they filed, were not timely filed. Remember that it is unlikely that USAC will be able to fund applications filed outside of the window.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

June 11, 2008 (Rescheduled)

AGENDA

- Funding Commitments for FY2008 and FY2007
- Update on PIA Reviews for FY2008
- Update on Fall 2008 Applicant Training
- FY2009 FCC Forms 470
- Invoicing Update
- Other
- General Questions Received by Email

MINUTES

1. **Funding Commitments for FY2008 and FY2007**

For FY2008, USAC is issuing commitments for Priority 1 services at all discount levels. We expect to be able to start making commitments for Priority 2 services in the near future. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
001	5/1/2008	$352.7 M
002	5/6/2008	$28.7 M
003	5/13/2008	$88.2 M
004	5/20/2008	$38.7 M
005	5/28/2008	$30.0 M
006	6/3/2008	$21.6 M
007	6/10/2008	$29.5 M

For FY2007, USAC is denying Priority 2 funding requests at 80 percent and below and funding approved requests at 81 percent and above. USAC will continue to issue weekly waves for FY2007. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
049	5/7/2008	$15.2 M
050	5/14/2008	$13.5 M
051	5/19/2008	$0.2 M
052	5/28/2008	$2.0 M
053	6/4/2008	$2.3 M
054	6/11/2008	$38.0 M

2. Update on PIA Reviews for FY2008

USAC is continuing both PIA reviews and Selective Reviews for FY2008.

- If your customer asks you to provide information that PIA has requested, a prompt response will speed the review process.
- If you communicate with PIA directly, be sure to share any information you provide with your customer.

3. Update on Fall 2008 Applicant Training

We have started work on cities and dates for applicant training in the fall. While arrangements are still tentative at this point, we have announced the cities and weeks that we are working on so that applicants and service providers can start planning.

Here is the list of cities and weeks that will be published on our website today:

- Washington, DC   Week of September 8
- Seattle, WA   Week of September 15
- Denver, CO   Week of September 22
- Chicago, IL   Week of September 29
- Newark, NJ   Week of October 6
- Los Angeles, CA   Week of October 13
- Atlanta, GA   Week of October 20

4. FY2009 FCC Forms 470

Applicants have been able to post FCC Forms 470 for FY2009 since April 12. The Search Tools page features two options:

- The FCC Form 470 Search Posted tool allows you to specify search criteria and then review forms individually.
- The FCC Form 470 Download tool allows you to download summary data from posted forms and import the data into a spreadsheet program.

5. Invoicing Update

Payments for the month of May totaled $132,731,367.36 against requests for $176 M. In total, 6,936 invoices were processed for 1,414 service providers. This represented 31,467 lines in May with 98 percent being completed within 30 days.

There were 1,216 lines in process as of June 11.

- **FY2007 Recurring Services Deadline**

June 30, 2008 is the last day to receive recurring services for FY2007. Service delivery deadline extension requests only apply to non-recurring services, so this deadline cannot be extended.

This is a good time to plan submission of your final FY2007 recurring services invoices to USAC.

6. Other

The Automated Search of Commitments has been revised. If you haven't already done so, you should practice using the revised format so that you understand how it works.

Reminder: Services that could be categorized as tariffed or month-to-month are considered to be contracted services if they are provided under a contract. Reporting a contracted service as "T" or "MTM" on a Form 471 can lead to problems and slow down the PIA review process.

7. General Questions Received by Email

Q1: An applicant was funded for internal connections over three years ago, and now would like to dispose of the equipment.

Are there any restrictions as to whom the equipment may be donated? The applicant is thinking about donating some equipment to some staff members (to be used as these staff members prepare for the certification tests - such as Cisco CCNA tests).

We do understand the rules listed on the web site, but the site seems to be silent about who may receive donations of equipment. Because we are past the three years' time limit, a trade in is not an option according to the guidance below.

Trade-in of equipment – E-Rate funded equipment can be traded-in within three years of the date of purchase, but if it is traded in, it can only be used to reduce the pre-discount cost of new equipment; it cannot be used to "pay" the applicant's non-discount share on other eligible equipment.

A1: Equipment purchased with E-Rate funds cannot be sold, resold, or transferred for money or any other thing of value.

Q2: Due to the ever increasing amount of actual paper being used, this question recently came up regarding the five year documentation retention rule for service providers. With the move to an electronic storage system will USAC/SL paper documents that are scanned and saved constitute legal documentation in the course of an audit and for legal purposes? Or is all documentation regarding applicants – forms/letters/correspondence – necessary in the original paper form? Would signed/dated contracts/addendum with original signatures be an exception to scanning? With the necessity to keep documentation for 5 years, electronic storage would be a boon.

A2: Program documentation can be stored electronically.

Q3: With respect to the slide on page 21 of the PowerPoint entitled "Top Ten Tips for Service Providers:"

Does this pertain to Internal Connections or Basic Maintenance?

- If Basic Maintenance, here is an example: Applicant estimates their Basic Maintenance requirement to be 10 hours per month to maintain their E-Rate eligible equipment. Applicant requests Service Providers to bid on 120 hours of Basic Maintenance services. Service Providers who respond must Applicant awards a contract for 120 hours per year at a rate of $100 per hour for a total of $12,000.00. Applicant must submit the FCC Form 471 as a recurring service, which forces the application to indicate a monthly recurring service of $1000 per month.
- For example, under the heading "Don't invoice to cap", you indicate that the Service Provider can't invoice for the $12,000 as the first invoice. Can you please explain this in more detail?
- Under the heading "Don't prorate to cap", you indicate that the Service Provider can't invoice monthly service for $1,000. Can you please explain in more detail?

It would be helpful if your explanation assumed the following:

- Assume funding was on July 1st of the funding year
- Assume funding was approximately six or seven months into the funding year.
- Since this is recurring service, if the FRN is funded any time after the start of the funding year, does the applicant lose a prorated number of hours for maintenance or does the applicant still have the full number of hours and the corresponding award amount to use for basic maintenance for whatever portion of the funding year remains after the date of funding? (This assumes a BEAR Form process was not selected by the applicant.)
- Manufacturers warranties/extended warranties are typically deemed as Basic Maintenance. The concept of a warranty is a fixed fee for a year, or equal monthly payments. That seems to conflict directly with your direction that a Service Provider can't "invoice to cap" or "don't prorate to cap".

Please provide instruction on how a manufacturer's warranty for $12,000 annually would be billed to USAC?

A3: Slide 21 of the presentation Top Ten Tips for Service Providers states, "Invoices must be based on services customer received and on customer bills." This means that the funds requested on invoices must (1) reflect the value of products and services actually delivered and installed and (2) tie to the amounts billed to the customer on customer bills.

"Billing to cap" and "pro-rating to cap" refer to specific unacceptable practices where USAC is invoiced as if E-rate funding were a grant rather than a reimbursement for the discount on services actually delivered. Note, however, that billing for an up-front payment or a progress

payment is acceptable if that arrangement is spelled out in the contract for the services. Remember:

- If you are invoicing USAC using a Service Provider Invoice (SPI) FCC Form 474, you must bill the customer before you invoice USAC.
- If the applicant is invoicing USAC using a Billed Entity Applicant Reimbursement (BEAR) FCC Form 472, the applicant must pay your customer bill in full before the applicant invoices USAC.

USAC does not pay invoices on services that have not been delivered. Using the example provided above for Basic Maintenance, here are three possible scenarios:

a) The applicant starts the Basic Maintenance contract on July 1 and makes an up-front payment of $12,000 from its own funds for one year of service. On January 1, USAC issues an FCDL funding the Basic Maintenance FRN at a 90 percent discount level for a funding commitment of $10,800. The applicant can then file a BEAR Form requesting a reimbursement for $10,800. USAC may ask to see a copy of the contract for verification purposes.

b) The applicant is unable to start the Basic Maintenance service until it receives a funding commitment. On January 1, USAC issues an FCDL funding the above Basic Maintenance FRN at a 90 percent discount level. The service provider starts service on January 1 for a term of one year.

   o USAC will only pay the discount on six months of service for that FRN, as the services were not started until January 1. USAC may ask for a copy of the contract to substantiate any invoice it receives.
   o If the one-year contract takes effect January 1, the applicant must file a new Form 471 for the next funding year to cover the last six months of service on the contract. Funding for the six months of the following funding year is not guaranteed.

c) The applicant is unable to start the Basic Maintenance service until it receives a funding commitment. However, in this case the $12,000 cost of the contract is specifically defined as 100 hours of maintenance at $100 per hour. On January 1, USAC issues an FCDL funding the above Basic Maintenance FRN at a 90 percent discount level. The service provider starts service on January 1 and charges the contracted hourly rate for each maintenance visit.

   o USAC will pay the discount for services actually provided through June 30 of the funding year at the contracted hourly rate, up to the $10,800 funding commitment amount.

Basic Maintenance is considered a recurring service, so the deadline for receiving Basic Maintenance services is June 30 of the funding year.

Q4: When will USAC begin issuing Priority 2 funding commitments?

A4: We expect to begin issuing Priority 2 funding commitments for FY2008 in the near future.

Q5: Has a proposed Eligible Services List for 2009-2010 been forwarded to the FCC? Any changes in the draft?

A5: USAC is finishing its draft of the FY2009 Eligible Services List to be submitted to the FCC and is not contemplating any major changes. Be sure to watch for the FCC's issuance of the official draft of the FY2009 Eligible Services List, which is the draft that you can comment on.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

July 2, 2008

AGENDA

- Funding Commitments for FY2008 and FY2007
- Update on PIA Reviews for FY2008
- Update on Fall 2008 Applicant Training
- FY2009 FCC Forms 470
- Invoicing Update

MINUTES

1. **Funding Commitments for FY2008 and FY2007**

For FY2008, USAC is issuing commitments for Priority 1 services at all discount levels. We expect to be able to start making commitments for Priority 2 services in the near future. The FCC has carried forward $600 million in unused funding for FY2002, FY2003, and FY2004 for commitments in FY2008. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
008	6/17/2008	$24.2 M
009	6/24/2008	$26.5 M
010	7/1/2008	$27.6 M

For FY2007, USAC is denying Priority 2 funding requests at 80% and below and funding approved requests at 81% and above. USAC will continue to issue weekly waves for FY2007. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
055	6/18/2008	$13.7 M
056	6/25/2008	$34.5 M
057	7/2/2008	$13.0 M

2. **Update on PIA Reviews for FY2008**

USAC is continuing both PIA reviews and Selective Reviews for FY2008.

- If your customer asks you to provide information that PIA has requested, a prompt response will speed the review process.

- If you communicate with PIA directly, be sure to share any information you provide with your customer.

3. Update on Fall 2008 Applicant Training

We have started work on cities and dates for applicant training in the fall. While arrangements are still tentative at this point, we have announced the cities and weeks that we are working on so that applicants and service providers can start planning. We expect to be able to finalize the dates this week and put up registration information within the next two weeks.

Here is the list of cities and weeks:

- Washington, DC   Week of September 8
- Seattle, WA   Week of September 15
- Denver, CO   Week of September 22
- Chicago, IL   Week of September 29
- Newark, NJ   Week of October 6
- Los Angeles, CA   Week of October 13
- Atlanta, GA   Week of October 20

4. FY2009 FCC Forms 470

Applicants have been able to post FCC Forms 470 for FY2009 since April 12. The Search Tools page features two options:

- The FCC Form 470 Search Posted tool allows you to specify search criteria and then review forms individually.
- The FCC Form 470 Download tool allows you to download summary data from posted forms and import the data into a spreadsheet program.

You may get a timeout message the first time you try to access these tools. Just click "OK" and then click on the link a second time and you should be able to access the tools.

5. Invoicing Update

Payments for the month of June totaled $118,764,918.79 against requests for $153M. In total, 6,961 invoices were processed for 1,448 service providers. This represented 36,949 lines in June with 98 percent being completed within 30 days.

There are 1,146 lines in process as of July 2.

- **Invoice Reminders**

June 30th was the last day to deliver FY2007 recurring services. Now is the time to ensure that the discounts for recurring services have been applied correctly.

The deadline for invoicing for FY2007 recurring services is October 28, 2008. Be careful to enter the correct dates for the periods being invoiced so that USAC can process your invoices promptly and you don't have to resubmit.

Applicants continue to submit BEAR Forms for FY2007 online. You can log in to the E-File System to see if there are BEAR Forms waiting for your approval.

July 1 was the first day to deliver FY2008 services.

- Applicants must file an FCC Form 486 for FY2008 indicating that services have begun before USAC can pay an invoice for FY2008. After an FCC Form 486 is successfully processed, USAC issues a Form 486 Notification Letter to both the applicant and the service provider. If the FCC Form 486 Service Start Date field in the Data Retrieval Tool is populated, the applicant has certified the form. However, in some cases, USAC must perform additional review work before the applicant and service provider FCC Form 486 Notification Letters can be issued and invoices can be processed.
- Service Providers must file a Service Provider Annual Certification Form (SPAC) for FY2008 before USAC can pay FY2008 invoices.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

August 6, 2008

AGENDA

- Funding Commitments for FY2008 and FY2007
- FY2009 Draft Eligible Services List and NPRM
- Update on Fall 2008 Applicant Training
- Applicant HATS Program
- Invoicing Update
- General Questions Received by Email

MINUTES

1. Funding Commitments for FY2008 and FY2007

For FY2008, USAC is denying Priority 2 funding requests at 79% and below and funding approved requests at 90 percent. The FCC has carried forward $600 million in unused funding for FY2002, FY2003, and FY2004 for commitments in FY2008. USAC will continue to issue weekly waves for FY2008. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
011	7/8/08	$24.7 M
012	7/15/08	$23.3 M
013	7/16/08	$112.5 M
014	7/22/08	$27.5 M
015	7/24/08	$142.6 M
016	7/29/08	$18.2 M
017	8/5/08	$22.1 M

For FY2007, USAC is denying Priority 2 funding requests at 80% and below and funding approved requests at 81 percent and above. USAC will continue to issue weekly waves for FY2007. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
058	7/28/08	$6.0 M
059	8/6/08	$4.4 M

2. FY2009 Draft Eligible Services List and NPRM

The FCC has issued the FY2009 Draft Eligible Services List (ESL) and a Notice of Proposed Rulemaking (NPRM) seeking comments on the eligibility of certain products and services.

Draft FY2009 ESL. USAC's proposed changes to the FY2009 Draft ESL include:

- A clarification that Ethernet is an eligible digital transmission technology.
- A clarification that email archiving is an ineligible component of an email service. The draft also clarifies that email storage is limited to eligible email files and is not intended for email archiving.
- A proposal to list intranet web hosting as an ineligible feature of an eligible web hosting service.
- A clarification that Video On-Demand servers are not eligible for discounts.
- A clarification that softphones are end user equipment not eligible for discounts.
- The addition of software user licenses for Interconnected Voice over Internet Protocol (VoIP) systems.
- A reminder to providers of Interconnected VoIP services that they must contribute to the universal service fund if not *de minimis*.

Comments on the FY2009 Draft ESL are due on or before August 14 and reply comments are due on or before August 21.

Eligible Services NPRM – The FCC seeks comment on whether the ESL should include filtering software, a broader classification of basic telephone service, dark fiber, text messaging, firewall service, anti-virus/anti-spam software, scheduling services, telephone broadcast messaging, and certain wireless Internet access applications, and whether to retain interconnected VoIP as an eligible service for future funding years.

Comments on the NPRM are due on or before September 18 and reply comments are due on or before October 3.

3. Update on Fall 2008 Applicant Training

Registration for the fall training is available on the USAC website. Hotel reservation information is also available. The Washington DC and Chicago training sessions are full, but the sessions in other cities still have space available.

Here are the registration numbers as of last Thursday afternoon:

City	Dates	Number of Registrants
• Washington, DC	September 11-12	Full
• Seattle, WA	September 16-17	158
• Denver, CO	September 23-24	163
• Chicago, IL	October 2-3	Full
• Newark, NJ	October 6-7	180
• Los Angeles, CA	October 15-16	221
• Atlanta, GA	October 21-22	199

4. Applicant HATS Program

The HATS (Helping Applicants to Succeed) Program was developed to assist applicants who have experienced difficulties with the application process. HATS visits involve personalized outreach with an emphasis on the aspects of the program where the applicant seems to need the most help. The purpose of a HATS visit is to provide the applicant with resources that should help eliminate application errors or program compliance issues in the future.

Each year, USAC identifies a certain number of applicants eligible for a HATS visit. Applicants can be selected because of application denials, funding reductions, unsuccessful appeals, and other reasons. Applicants can also call the Client Service Bureau (CSB) at (888) 203-8100 to request to be considered for a HATS visit. Applicants that are selected are free to choose not to participate.

Visits are generally one to two hours; some can take longer. No advance preparation is needed, although it is helpful for the applicant to prepare any questions about the program, the website, or the application process.

We are not yet doing any HATS visits for service providers, but we hope to do some in the future.

5. Invoicing Update

Payments for the month of July totaled $150,971,034.19 against requests for $185M. In total, 9,178 invoices were processed for 1,584 service providers. This represented 36,310 lines in July with 98 percent being completed within 30 days.

There are 1,239 lines in process as of August 2.

- **Service Delivery Extensions**

If service providers cannot provide contracted non-recurring services by the September 30 deadline, USAC can grant extensions of this deadline under certain conditions. For a description of those conditions and the process for requesting a deadline extension, refer to the Service

Delivery Deadlines and Extension Requests guidance on the USAC website. Please note the following:

- o Requests must be received by USAC or postmarked on or before the last date to receive services, which is generally September 30 after the funding year. Requests received or postmarked after the last date to receive service will be denied.
- o In general, extensions are granted for a full year. For example, the approval of a request for an extension of the September 30, 2008 deadline should extend the deadline to September 30, 2009.
- o The contract under which these services are provided must be extended, if necessary, to cover the period of the service delivery extension. The contract must allow for such an extension, and the applicant must file an FCC Form 500 to report the new contract expiration date after the contract has been extended.

6. General Questions Received by Email

Q1: Are enhancements to the E-Certification of FCC Forms 472 (BEAR) planned for the near future? In checking under my SPIN # on a weekly basis I have found a BEAR waiting for certification since 03/07. That BEAR has been submitted on paper, invoiced and paid back in 06/07. Also there are pending certifications for former customers who used the wrong SPIN number on their Form 471, were advised of this situation and now who are waiting for me to certify a BEAR for FY2007 when they went to another service provider in 01/06. There doesn't seem to be any way to make comments on the BEARs or remove them from my SPIN. Can the site be enhanced to allow for contact from that site via email to the SL to request removal and/or corrections? Thanks.

A1: We do not have any plans to modify the online BEAR system. We are collecting all of the comments and suggestions we receive so that we can be guided by them in the future.

BEAR Forms cannot be modified by applicants after they have been submitted. If you want to remove a pending BEAR Form, simply open it, click on the Certify button at the bottom of the page without approving any lines (in other words, without checking any boxes next to invoice line items), and the BEAR Form will be rejected in its entirety. You should reject BEAR Forms from applicants that are not your customers (incorrect SPINs) and BEAR Forms that are duplicates.

Q2: A school district plans on applying for funding for network equipment. This is a rather large district, over 50 sites and is undergoing construction/renovation projects at some sites. If funded for the Priority 2 equipment, all of the equipment will be installed at the designated sites per the item 21 attachment and block four entities for at least one school year.

However, because of the renovation project, some of the equipment will have to be pulled from the original site and warehoused for up to 12 months. The students from these sites will be moved to a temporary site and that school will effectively be "temporarily closed." After the construction is done at the original site, the equipment will go back to that original site.

Is it permissible to transfer equipment to a "warehouse" site? Should the applicant file an transfer of equipment request with the SL and indicate that the equipment will be warehoused temporarily until the construction at the original site is complete?

A2: If the state considers the school to be closed (i.e., the school building is closed, the students that attended that school are dispersed to other nearby schools, etc.), the applicant should notify USAC following the Equipment Transfers guidance document on the website. The information about the "receiving entity" should include the physical address where the equipment is being temporarily stored, the reason for the storage, and the expected date the equipment will be returned to service. The school's asset register should always be updated with the current location of the equipment.

If the state does not consider the school to be closed (i.e., the school is reopened in part of another building with the student population more or less identical, records continue to feature the original school name, the school still uses the same NCES code for reporting purposes), it is not necessary to notify USAC. However, the school should include a note in its files that includes the physical address where the equipment is being temporarily stored, the reason for the storage, and the expected date the equipment will be returned to service. As above, the school's asset register should always be updated with the current location of the equipment.

Q3: Concerning the proposal to list intranet web hosting as an ineligible feature in the draft Eligible Services List for Funding Year 2009:

Thank you for recognizing that some constituents have had confusion about exactly what is and is not eligible as a web hosting service. Two questions:

a) Is the proposed language for "intranet web hosting" intended to indicate ineligibility for any part of a web hosting service that calls for a user name and password or in some other way limits access to information to only some users of the Internet? Or should a different interpretation be made?
b) Previously USAC has indicated that web hosting cost allocations would be based on a simple 50/50 or 33/33/33 formula, but this information was not posted to the USAC website and apparently was not implemented. For Funding Year 2009, how does USAC intend to administer this change in web hosting eligibility and any changes to existing vendor cost allocations?

A3: Yes – intranet web hosting refers to content on a website that is protected so that only certain users can view it.

Cost allocations must be based on tangible criteria that reach a realistic result. Different criteria can be used in different situations; there is not a one-size-fits-all formula. The Cost Allocation Guidelines for Products and Services on this website provides detailed guidance on how to do cost allocations.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

September 3, 2008

AGENDA

- Funding Commitments for FY2008 and FY2007
- FY2009 Draft Eligible Services List and NPRM
- Update on Fall 2008 Applicant Training
- FY2009 FCC Forms 470
- Invoicing Update
- General Questions Received by Email

MINUTES

1. Funding Commitments for FY2008 and FY2007

For FY2008, USAC is denying Priority 2 funding requests at 79 percent and below and funding approved requests at 90 percent. The FCC has carried forward $600 million in unused funding for FY2002, FY2003, and FY2004 for commitments in FY2008. USAC will continue to issue weekly waves for FY2008. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
018	8/12/08	$52.8 M
019	8/19/08	$22.7 M
020	8/26/08	$29.8 M
021	9/2/08	$27.3 M

For FY2007, USAC is denying Priority 2 funding requests at 80 percent and below and funding approved requests at 81 percent and above. USAC will continue to issue weekly waves for FY2007. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
060	8/15/08	$34.6 M
061	8/27/08	$5.6 M
062	9/3/08	$3.1 M

2. FY2009 Draft Eligible Services List and NPRM

Comments on the FY2009 draft Eligible Services List were due on or before August 14 and reply comments were due on or before August 21.

Comments on the Notice of Proposed Rule Making are due on or before September 18 and reply comments are due on or before October 3.

3. Update on Fall 2008 Applicant Training

Registration for the fall training is available on the website. Hotel reservation information is also available. The Newark and Seattle trainings still have space available; all other training sessions are full.

4. FY2009 FCC Forms 470

This is just a reminder that applicants will be starting to post more and more FCC Forms 470 for FY2009 on the USAC website. We suggest that you start monitoring these postings regularly if you are interested.

5. Invoicing Update

Payments for the month of August totaled $153,046,808.85 against requests for $194M. In total, 9,933 invoices were processed for 1,525 service providers. This represented 31,539 lines in August with 97 percent being completed within 30 days.

There are 1,860 lines in process as of August 2.

- **FCC Form 473, Service Provider Annual Certification Form**

Service providers file the FCC Form 473 each year to certify compliance with FCC rules concerning invoicing and documentation. Note that USAC will reject invoices – both BEAR Forms and SPI Forms – for a funding year if there is no FCC Form 473 on file for that funding year.

Keep in mind that the deadline for filing invoices for FY2007 recurring services is October 28, 2008.

- **Service Delivery Deadline and Deadline for Extension Requests – September 30, 2008**

If a service provider cannot complete the delivery and installation of non-recurring services by the September 30 deadline, then under certain circumstances the applicant can request a service delivery extension. Applicants should refer to the Service Delivery Deadlines and Extension Requests guidance document on the USAC website for more information.

For services with a delivery and installation deadline of September 30, 2008, such requests msut be received by USAC or postmarked no later than September 30, 2008. Requests submitted after that date will not be processed.

An approved request will receive a service delivery deadline extension to September 30, 2009.

NOTE: If the existing non-recurring service contract expires before the last date that services will be delivered, the applicant and service provider must extend the contract. (The contract must of course allow for that extension.) Once the contract has been extended, the applicant must file a Form 500 to notify USAC of the new contract expiration date.

6. General Questions Received by Email

Q1: I am not getting several of the electronic FCDL Wave transmissions (.FSP files) and was wondering if others are experiencing this problem. I have also not been able to find a process for getting these electronic forms re-transmitted. Is there a process that allows for the re-transmitting of these files?

A1: Submit a Question describing your situation. We can research and resolve the problem and also send you duplicate files.

Q2: Is Ethernet an eligible digital transmission service under telecommunication services?

A2: Yes.

Q3: Is Ethernet an eligible basic conduit access to the internet?

A3: Yes, if it follows the program rules for basic conduit access.

Q4: Given the FCC's renewed focus on CPNI (Customer Propriety Network Information), our company feels that we should not be giving any customer billing records to those who are not employed by the school, school district, or library. Consultants are frequently requesting invoices and signing forms on behalf of E-Rate applicants. The existing LOA guidance for consultants does not address this and we feel that this may be a recent change that USAC has not noticed. Or has USAC been given any written approval that CPNI does not apply to consultants for E-Rate funds? We do not want to require yet another LOA from customers but also don't want to be breaking the rules. Could the FCC join the vendor call and answer this? Concerning the proposal to list intranet web hosting as an ineligible feature in the draft Eligible Services List for Funding Year 2009?

A4: We will research this question and provide an update when we have more information.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

October 1, 2008

AGENDA

- Funding Commitments for FY2008 and FY2007
- FY2009 Draft Eligible Services List and NPRM
- Update on Fall 2008 Applicant Training
- FY2009 FCC Forms 470
- Invoicing Update
- General Questions Received by Email

MINUTES

1. **Funding Commitments for FY2008 and FY2007**

For FY2008, USAC is denying Priority 2 funding requests at 79 percent and below and funding approved requests at 90 percent. USAC will continue to issue weekly waves for FY2008. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
022	9/08/08	$21.8 M
027	9/16/08	$40.6 M
024	9/23/08	$45.5 M
025	9/30/08	$46.1 M

For FY2007, USAC is denying Priority 2 funding requests at 80 percent and below and funding approved requests at 81 percent and above. USAC will continue to issue weekly waves for FY2007. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
063	9/10/08	$998 Thousand
064	9/15/08	$124 Thousand
065	9/22/08	$30.9 M
066	10/1/08	$1.4 M

2. **FY2009 Draft Eligible Services List and NPRM**

Comments on the FY2009 draft Eligible Services List were due on or before August 14 and reply comments were due on or before August 21.

Comments on the Notice of Proposed Rule Making were due on or before September 18 and reply comments are due on or before October 3.

3. Update on Fall 2008 Applicant Training

The USAC website has information on training registrations and hotel reservations. Please note that the Newark session may still have space available but the other training sessions are full.

4. FY2009 FCC Forms 470

This is just a reminder that applicants will be starting to post more and more Forms 470 for FY2009 on the USAC website. We suggest that you start monitoring these postings regularly if you are interested.

5. Invoicing Update

Payments for the month of September totaled $161,814,934.34 against requests for $212M. In total, 11,873 invoices were processed for 1,635 service providers. This represented 35,038 lines in September with 96 percent being completed within 30 days.

There are 1,625 lines in process as of September 30.

- **Deadline Reminders**

The invoicing deadline for FY2007 recurring services is October 28, 2008.

The FCC Form 486 deadline for funded FY2008 FRNs with an FCDL date on or before July 1 and a service start date of July 1 is October 29, 2008.

- **FCC Form 473, Service Provider Annual Certification Form**

Service providers file the FCC Form 473 each year to certify compliance with FCC rules concerning invoicing and documentation. Note that USAC will reject invoices - both BEAR Forms and SPI Forms - for a funding year if there is no FCC Form 473 on file for that funding year.

- **FCC Form 498, Service Provider Identification Number and Contact Information Form**

The information on the FCC Form 498 - which includes remittance information for checks and ACH (automated direct deposit) processing - is an integral part of the reimbursement process. It is important to keep your FCC Form 498 information up-to-date. You can update your FCC Form 498 information using the USAC's online E-file System.

If you don't know how to log into the E-file System, call USAC at (888) 641-8722.

- **Online FCC Form 472, Billed Entity Applicant Reimbursement Form**

Please encourage your customers who file BEAR Forms to use the online BEAR. Here are some of the advantages for you if your applicants file BEAR Forms online:

- You can easily review and approve BEAR Forms electronically by logging into the E-file System.
- You can specify criteria and perform searches for BEAR Forms and download the information from those forms.
- You can download into a spreadsheet any BEAR Forms awaiting your approval, review and approve them as appropriate, and then upload your work.
- A BEAR Form filed and approved online gets to USAC more quickly than a paper BEAR Form, which in turn speeds up the invoice review and approval process.
- The online BEAR Form includes help screens and a tutorial under the Submit or Certify Online BEAR link to assist you.

6. **General Questions Received by Email**

Q1: All forms in the last two years have been submitted with my information yet the email notification and some written correspondence are still being scattered to other people who have previously gotten this. I've email sldform@sl.universalservice.org twice. Why is this continuing to happen? It is creating a big problem with lost paperwork.

A1: USAC provides several different kinds of email notifications that are generated in different ways by different internal systems, so there is not a simple answer to this question. If you are having trouble with any email notifications, contact the USAC Ombudsman with specific details so that we can research and resolve any problems you are experiencing.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

November 5, 2008

AGENDA

- Funding Commitments for FY2008 and FY2007
- FY2009 Draft Eligible Services List and NPRM
- FY2009 FCC Forms 470
- Update on FY2009 Window Closing
- Invoicing Update

MINUTES

1. Funding Commitments for FY2008 and FY2007

For FY2008, USAC is denying Priority 2 funding requests at 79% and below and funding approved requests at 90 percent. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
026	10/7/08	$85.5 M
027	10/14/08	$89.8 M
028	10/21/08	$24.8 M
029	11/5/08	$82.5 M

For FY2007, USAC is denying Priority 2 funding requests at 80 percent and below and funding approved requests at 81 percent and above. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
067	10/8/08	$571 Thousand
068	10/15/08	$1.2 M
069	10/23/08	$4.8 M
070	11/5/08	$431 Thousand

2. FY2009 Draft Eligible Services List and NPRM

The comment period for the FY2009 draft Eligible Services List closed in late August. The comment period on the Notice of Proposed Rule Making closed in early October.

The final FY2009 Eligible Services List has not yet been issued by the FCC. We will notify applicants and service providers when the list is released and then post a copy of the list on our website.

3. FY2009 FCC Forms 470

This is just a reminder that applicants will be posting more and more FCC Forms 470 for FY2009 on the USAC website. We suggest that you start monitoring these postings regularly if you are interested.

4. Update on FY2009 Window Opening

The dates for the FY2009 Form 471 application filing window have not yet been determined. After the FCC issues the FY2009 Eligible Services List, we will post information on the filing window dates on our website.

5. Invoicing Update

Payments for the month of October totaled $283,682,628.07 against requests for $340M. In total, 19,965 invoices were processed for 2,182 service providers. This represented 68,963 lines in October with 97 percent being completed within 30 days.

There are 2,710 lines in process as of November 4.

- **Online BEAR**

If a BEAR Form was filed online by an applicant on or before the October 28 deadline but not approved by the service provider, the invoicing deadline on the FRN(s) on the BEAR Form has been automatically extended to March 2, 2009. USAC will send an email to all affected applicants and service providers noting the FRNs that have been extended.

Unfortunately, some BEAR Forms approved by service providers within a few days after the deadline were rejected before this extension could be put in place. You should review the FRN Extension Table to see if it is necessary for you to first submit an invoice deadline extension request and then resubmit your invoice after USAC has approved the extension.

Applicants or service providers that did not complete invoicing by the deadline and did not get an automatic FRN extension should submit an invoice deadline extension request as soon as possible.

- **Online BEAR Communication Feature**

Some applicants are having issues with service providers sending BEAR checks to the wrong address and/or contact person.

Please work with your customers to determine where BEAR checks should be sent. You can remind applicants that there is a text box at the bottom of the online BEAR Form that they can use to provide you with specific information. Note that USAC does not see and cannot add to or change information contained in this text box.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

December 3, 2008

AGENDA

- Funding Commitments for FY2008 and FY2007
- FY2009 Eligible Services List
- FY 2009 Window Opening
- FY2009 FCC Forms 470
- Invoicing Update
- General Questions Received by Email

MINUTES

1. Funding Commitments for FY2008 and FY2007

For FY2008, USAC is currently denying Priority 2 funding requests at 80 percent and below and funding approved requests at 90 percent. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
030	11/19/08	$36.7 M

For FY2007, USAC is denying Priority 2 funding requests at 80% and below and funding approved requests at 81 percent and above. There have been no FY2007 funding waves since the last call.

2. FY2009 Eligible Services List

The final FY2009 Eligible Services List (ESL) has not changed from the FY2008 ESL. Be sure to review the ESL for the eligibility of products and services for FY2009.

3. FY2009 Window Opening

The FY2009 FCC Form 471 application filing window opened yesterday, December 2, and will close at 11:59 PM ET on Thursday, February 12.

4. FY2009 FCC Forms 470

Now that the filing window has opened, many applicants will begin the application process by filing an FCC Form 470. If you have not already started doing so, you can review services requested in FCC Forms 470 using the FCC Form 470 Search Posted tool or the FCC Form 470 Download Reports tool on the USAC website.

5. Invoicing Update

Payments for the month of December totaled $142,529,339.67 against requests for $175M. In total, 8,032 invoices were processed for 1,584 service providers. This represented 32,823 lines in December with 96 percent being completed within 30 days.

There are 2,123 lines in process as of December 1.

January 28, 2009 is the deadline for invoicing for FRNs that feature non-recurring costs. Please be sure to submit your invoices for these services as soon as possible. This way if your invoice is rejected for any reason, you still have time to re-file before the invoicing deadline.

Also, encourage your customers to submit any outstanding BEAR Forms using our Online BEAR system.

6. General Questions Received by Email

Q1: In the "Calculating Discounts" training in Atlanta, USAC discussed how to add a NIF to an FRN even if that FRN does not contain all of the sites in the district. My question is how would this effect the eligibility of the equipment for that NIF? Would it need to be cost allocated?

For Example: District Blue contains the following Sites:

| School A - 90 percent | School C - 90 percent | School E - 80 percent |
| School B - 90 percent | School D - 80 percent | School F - 80 percent |

District Office or Other NIF- 82 percent (no classrooms, but contains servers, switches, routers for entire district)

Is it possible to create an FRN for Equipment @ School A, School B, School C, and the District Office? From the training site Form 471, this example would have a discount of 90 percent. Does this mean we can buy equipment for the DO on this FRN? If so, would the equipment need to be cost allocated since not all sites are being used on the FRN?

I have the same question concerning maintenance. Would the equipment at the DO need to be cost allocated since not all of the sites were used on the FRN? For this example, let's assume that all of the equipment is 100 percent eligible. Would we still need to cost allocate @ 50 percent (3 out of 6 schools on FRN)?

What about a NIF that is not directly a part of the flow of internet or Telephony traffic?

A1: **Limitation on eligibility for Priority 2 services to NIFs** – NIFs are not eligible for Priority 2 services (Internal Connections or Basic Maintenance of Internal Connections) unless those services are essential for the effective transport of information to an instructional building of a school or to a non-administrative building of a library. Note that the term "services" also includes products and equipment and, in the discussion below, includes both Internal Connections and Basic Maintenance of Internal Connections.

Discounts on FRNs – In the example above, the District Office (DO) is providing services to the entire district and not just the 90 percent schools. Also, note that the DO discount of 82 percent would have been determined by calculating the weighted average discount of all of the schools in the school district. The number of students at each school is a factor in the calculation of a school district weighted average, which explains why the calculated discount in the example above is not 85 percent.

- On any worksheet that includes the DO, the 82 percent discount figure should be entered in the line item for the DO.
- If the equipment is housed at the DO and serves only the 90 percent schools - and no service is being provided to the DO - then the discount rate for the FRN should be at 90 percent and the DO would not be listed on the worksheet.
- If the applicant includes the DO in an FRN featuring the three 90% schools and the DO - and the FRN is filed with a 90 percent discount rate - the discount may be adjusted during PIA review.
- If services are also being provided to schools or NIFs that aren't requesting E-rate discounts (i.e., the three 80 percent schools), then the applicant must cost-allocate out the value of the services being delivered to those schools and NIFs that are not on the FRN. Some examples of acceptable cost allocations involving entities can be found in the guidance document Cost Allocation Guidelines for Consortia Comprising Eligible and Ineligible Entities. A cost allocation must be based on tangible criteria and reach a realistic result.

Two-in-Five Rule – If the DO is receiving services - and USAC has not yet encountered a situation where the DO is housing but not receiving services - the DO must be included on the Block 4 worksheet along with the entities receiving discounted services. All entities listed on the Block 4 worksheet of a funded Internal Connections FRN will be considered to have used a year under the Two-in-Five Rule.

Documentation of equipment locations – Equipment locations and entities served should be included on the Item 21 Attachment. Additionally, the applicant should maintain a clear and complete record - such as an asset register - that lists equipment purchased with E-rate discounts, its status, its current location, and any other pertinent information.