

2010 SL Service Provider Conference Call Minutes

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UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

January 6, 2010

AGENDA

- Funding Commitments for FY2009 and FY2008
- Update on ACH Information and Electronic BEAR Payments
- FY2010 FCC Forms 470 – January 14, 2010 Deadline for Posting
- FY2010 Window Close Update
- Invoicing Update
- General Questions Received by Email

MINUTES

1. Funding Commitments for FY2009 and FY2008

For FY2009, USAC is denying Priority 2 (Internal Connections and Basic Maintenance of Internal Connections) funding requests at 54 percent and below and funding approved requests at 80 percent and above.

Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
031	12/8/2009	\$88.8 M
032	12/15/2009	\$149.5 M
033	12/22/2009	\$59.9 M
034	12/30/2009	\$52.5 M

For FY2008, USAC is currently denying Priority 2 funding requests at 86 percent and below and funding approved requests at 87 percent and above. Note: Wave 74, the first FY2008 wave to include commitments for Priority 2 at the 87 percent level, was issued on 12/3/2009 and announced on the December 2009 service provider call.

Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
075	12/16/2009	\$1.9 M
076	12/28/2009	\$0.7 M

2. Update on ACH Information and Electronic BEAR Payments

The FCC's Wireline Competition Bureau announced September 28 that all federal Universal Service Fund (USF) support payments must be made by electronic funds transfer. For more information, see Public Notice DA 09-2126. The Public Notice includes contact information if you have questions or need further information.

USAC has begun the process of issuing BEAR payments by electronic funds transfer if a service provider has provided banking information on FCC Form 498. The first run of electronic BEAR payments occurred on January 4 and will show up in about two weeks.

- **Service provider BEAR certification**

Some service providers have expressed concern about how electronic BEAR payments affect the following certification that service providers make on Block 4 of the BEAR Form:

- The service provider must remit payment of the approved discount amount to the Billed Entity Applicant prior to tendering or making use of the payment issued by the Universal Service Administrative Company to the service provider of the approved discounts for the Billed Entity Applicant Reimbursement Form.

In its directive to USAC to begin the effort for electronic payments, the FCC recognized that USAC had identified concerns over certain language in the Second Report and Order (FCC 03-101); however, the FCC went on to direct USAC to include all beneficiaries in the electronic payment initiative. USAC has been collecting the various questions and concerns over the process – namely those related to the certification statement for "making use of" the funds – and to date there have been no concerns expressed by the FCC regarding these processes for BEAR Forms. For your information, the letter of direction to USAC has been posted on the FCC website.

- **Electronic BEAR payment email notification**

When USAC issues an electronic BEAR payment, we will send an additional email notification to the Schools and Libraries Remittance Contact (FCC Form 498 Block 11 Item 106). We have posted a sample of the email notification to the USAC website.

You should add the sender disbursements@bcd.universalservice.org and/or the domain bcd.universalservice.org to your safe senders list to be sure you can receive these notifications. Note that USAC retrieves the email address for electronic BEAR payment notifications from FCC Form 498, not from the information you provided to receive electronic notifications of USAC letters.

- **Electronic BEAR payment flow chart**

We have posted an electronic BEAR payment flow chart to give you a clearer understanding of how this process will work.

If you have questions or comments regarding the initiative itself, you can send USAC an [email](#) using the subject line "E-pay Initiative."

3. FY2010 Forms 470 – January 14, 2010 Deadline for Posting

Service providers should note that January 14 is the last day a Form 470 can be POSTED to the USAC website and still allow enough time to complete the competitive bidding process for FY2010 and post a Form 471 on the last day of the filing window.

4. FY2010 Window Close Update

The FY2010 application filing window will close at 11:59 pm EST on Thursday, February 11, 2010. If you are the service provider selected to provide services on a funding request, you should consider checking with your customers to make sure that they are aware of this filing deadline. As in the past, it is unlikely that FY2010 FCC Forms 471 filed after the close of the window can be considered for funding.

5. Invoicing Update

Payments for the month of December totaled \$102,314,873.68 against requests for \$138.7M. In total, 6,613 invoices were processed for 1,142 service providers. This represented 23,540 lines in December with 93 percent being completed within 30 days.

There were 1,455 lines in process as of January 6.

- **January 28 invoice deadline for non-recurring services**

FRNs featuring non-recurring services with a service delivery deadline of September 30, 2009 have an invoicing deadline of January 28, 2010. Please submit any remaining SPI Forms as soon as possible. This way, if your invoice is rejected, you will still have time to correct and re-file the invoice before the invoicing deadline.

Please encourage your customers to submit any outstanding BEAR Forms using our online BEAR system. Again, submitting now will allow them to correct and re-file BEAR Forms if necessary before the invoicing deadline.

- **Invoice deadline extension requests**

In the last quarter of 2009 we had over 20,000 invoice deadline extension requests, a substantial increase over previous years. We have reached decisions on most of these requests. However, many of these requests were duplicates which resulted in additional processing time.

If you have not yet received a response and your FRNs are not showing an extended invoice deadline on the FRN Extension Table, you can call our Client Service Bureau at (888) 203-8100 to confirm that your request has been received and is in process.

6. General Questions Received by Email

Q1: We had two schools submit invoice deadline extensions. One received a 120 day extension; the other a one year extension. What determines which you get?

A1: In general, if USAC approves an invoice deadline extension, the applicant or service provider will have 120 days from the date of the approval notification to submit invoices. This is the extension that the first school received.

It is likely that the second school requested not an invoice deadline extension but a service delivery extension for non-recurring services. In general, service delivery extensions are approved for one year from the original service end date. If USAC approved the service delivery extension, the invoicing deadline for that funding request would change to 120 days after the extended service delivery deadline, or roughly a year after the original invoice deadline.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

February 3, 2010

AGENDA

- Funding Commitments for FY2009 and FY2008
- Update on ACH Information and Electronic BEAR Payments
- Service Provider Assistance with FCC Forms 471
- FY2010 Window Close Update
- Invoicing Update
- General Questions Received by Email

MINUTES

1. Funding Commitments for FY2009 and FY2008

For FY2009, USAC is denying Priority 2 (Internal Connections and Basic Maintenance of Internal Connections) funding requests at 54 percent and below and funding approved requests at 80 percent and above. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
035	1/12/2010	\$30.7 M
036	1/19/2010	\$128.7 M
037	1/26/2010	\$41.2 M
038	2/2/2010	\$133.2 M

For FY2008, USAC is currently denying Priority 2 funding requests at 86 percent and below and funding approved requests at 87 percent and above. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
077	1/13/2010	\$2.8 M
078	1/27/2010	\$13.0 M

2. Update on ACH Information and Electronic BEAR Payments

The FCC's Wireline Competition Bureau announced September 28, 2009 that all federal Universal Service Fund (USF) support payments must be made by electronic funds transfer. For more information, see Public Notice DA 09-2126. The Public Notice includes contact information if you have questions or need further information.

Electronic BEAR payments have begun for those service providers that have provided appropriate banking information on their Forms 498. For detailed information about electronic BEAR payments, including a sample additional email notification message and a flow chart, you can refer to the January 6, 2010 service provider call minutes.

If you have questions or comments regarding the initiative itself, you can send USAC an [email](#) using the subject line "E-pay Initiative."

3. Service Provider Assistance with FCC Forms 471

USAC has emphasized during training and on our website and through other guidance materials that service providers cannot be involved in applicants' competitive bidding processes except as bidders. Consequently, applicants may be reluctant to ask for service provider assistance with the technical details on an FCC Form 471, especially the extensive information often required on an Item 21 Attachment description of service. Please note that once a service provider has been selected and – if appropriate – a contract has been signed, the service provider is encouraged to work with the applicant to be sure that the information provided on the form and attachment is complete and accurate. Applicants should also share a copy of the final Item 21 attachment submitted to USAC with the appropriate service provider.

4. FY2010 Window Close Update

The FY2010 application filing window will close at 11:59 PM ET on Thursday, February 19, 2010. (Note: The window has been extended from February 11 due to the adverse weather conditions in many areas of the country.) It is highly unlikely that USAC will be able to consider for funding FCC Forms 471 filed after this deadline. You can encourage your customers to complete and submit their forms in advance of the deadline.

5. Invoicing Update

Payments for the month of January totaled \$116,233,573.47 against requests for \$164.2M. In total, 8,716 invoices were processed for 1,537 service providers. This represented 32,378 lines in January with 93 percent being completed within 30 days.

There were 2,770 lines in process as of February 2.

- **Invoice Rejections**

Invoices may be automatically rejected due to clerical errors. If this is the case, and the amounts rejected were for approved eligible services delivered in eligible timeframes to eligible entities, you can simply correct the clerical errors and resubmit the invoice.

Example: If you invoice monthly for recurring services and use a July 1 service start date each time, invoice lines after the first July 1 line will be rejected as duplicates. Each line should contain the date services were first delivered for that line.

If an invoice is modified or rejected for specific reasons – and you disagree with those reasons – you have the option of filing an appeal with USAC or the FCC and explaining the basis of your disagreement.

If your invoice was rejected and it is now past the deadline to file an invoice for that FRN, you must first request and receive an invoice deadline extension. Please don't submit multiple requests – or file the same request in multiple ways (Submit a Question, email, fax, mail) – for the same deadline extension.

In some cases, USAC sends a deadline extension approval by email. You should check to be sure your system is not blocking emails from USAC. Also, remember that you can check the FRN Extension Table for deadline extensions that have been successfully processed.

6. General Questions Received by Email

Q1: If a school's funding approval is delayed for an extended period of time but is ultimately granted outside of the funding year in which it was requested, can the service provider deliver the service after the funding commitment is made even though the actual funding year has passed? For example, funding commitment for FY2007 isn't approved until sometime in FY2009. Can the provider deliver the services in FY2009 under the FY2008 commitment?

A1: The answer depends on whether the commitment is for recurring or non-recurring services.

Recurring services – such as monthly telephone service or monthly Internet access – must be delivered during the funding year.

- If USAC has not made a commitment before recurring services are scheduled to start, an applicant can elect to receive the services during the year, pay for them in full, and then file a BEAR Form after USAC issues the funding commitment in order to be reimbursed for the discount amount. Note, however, that it is possible that USAC may not approve all or part of the funding request when the decision is issued.

Non-recurring services – such as installations or equipment purchases – can be delivered after the funding year.

- All non-recurring services have an automatic three-month extension to the September 30 following the June 30 close of the funding year.
- If USAC issues a Funding Commitment Decision Letter (FCDL) for non-recurring services on or after March 1 of the funding year, the applicant receives an automatic one-year extension (to September 30 of the following year) for delivery and installation of the services. This is also true for USAC approvals of SPIN changes and service substitutions issued on or after March 1.
- Applicants and/or service providers can also request service delivery extensions in certain circumstances.
- Note: If a contract expires before the services will be delivered, the applicant and the service provider must first negotiate an extension to the contract (which must be

allowable under the terms of the contract and under applicable state and local procurement rules and regulations). The applicant must then file an FCC Form 500 to notify USAC of the extension before those services can be delivered and invoiced.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

March 3, 2010

AGENDA

- Funding Commitments for FY2009
- Update on FCC Form 498 Revisions and Electronic BEAR Payments
- FY2010 Window Close Update
- Service Provider Assistance with Item 21 Attachments
- Invoicing Update
- General Questions Received by Email

MINUTES

1. Funding Commitments for FY2009

For FY2009, USAC is denying Priority 2 (Internal Connections and Basic Maintenance of Internal Connections) funding requests at 54 percent and below and funding approved requests at 80 percent and above. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
039	2/9/2010	\$182.1 M
040	2/18/2010	\$50.3 M
041	2/23/2010	\$6.6 M
042	3/2/2010	\$22.6 M

For FY2008, USAC issued the last regular wave on February 24. USAC will continue to issue occasional waves for FY2008 as applications complete the review process and are ready for commitment, but waves will no longer be issued on a weekly basis.

On March 3, USAC issued letters to most applicants and service providers with outstanding FY2008 FRNs giving them additional information about the current status of their applications. These letters are discussed in more detail in the February 19, 2010 SL News Brief. (Note that these letters were originally scheduled to be issued on February 24.)

2. Update on Form 498 Revisions and Electronic BEAR Payments

Service providers have been revising their Forms 498 to provide banking information per the FCC's Public Notice DA 09-2126. We are providing the following information to help you submit revisions.

Be ready to provide any new required information. Some of the new required information includes:

- A Dun and Bradstreet number (D&B D-U-N-S number). If you do not already have a number, you can go to the Dun & Bradstreet website to request one.
- Study Area Code (SAC) numbers. If you participate in the High Cost and/or Low Income programs, these numbers are now required to establish the appropriate relationship between them and your SPIN(s).

File revisions online. Online revisions can be processed much more quickly than revisions submitted on paper.

- If you are authorized to submit revisions online, we suggest that you do so. The online system provides reminders and warning messages to help you provide all required information.
- If you are authorized to access the E-file System but not authorized to submit revisions online (i.e., if you are the general contact), we still suggest that you complete your revisions online. You can then either (1) save the online revisions for your company officer to certify online or (2) print a copy of the revised form for your company officer to sign and submit to USAC on paper. In this way, the online system's reminders and warning messages help to ensure a complete response.

If you file on paper, follow the progress of your form. Paper forms must be received and then data entered by USAC. Because of the high volume of revisions coming to USAC on paper, it may take a week or two for us to get to your form.

- A large percentage of paper forms are missing required information. USAC will send an email to the contact person from the email address customersupport@usac.org. Adding this address and/or domain to your safe senders list will help ensure that you receive our email.
- If you have not heard anything after three weeks and your revisions have not been processed, contact us at (888) 641-8722 for assistance. Remember to choose "FCC Form 498" from the menu of options, not "Schools and Libraries."

BEAR payments continue to go out electronically. For detailed information about electronic BEAR payments, including a sample additional email notification message and a flow chart, you can refer to the January 6, 2010 service provider call minutes.

If you have questions or comments regarding the initiative itself, you can send USAC an [email](#) using the subject line "E-pay Initiative."

3. FY2010 Window Close Update

The FY2010 application filing window closed at 11:59 PM ET on Friday, February 19, 2010. The window was extended from February 11 due to the adverse weather conditions in many

areas of the country. We will be sending the FY2010 demand estimate to the Federal Communications Commission shortly and then posting it on our website.

4. Service Provider Assistance with Item 21 Attachments

USAC has emphasized during training and on our website and through other guidance materials that service providers cannot be involved in applicants' competitive bidding processes except as bidders. Consequently, applicants may be reluctant to ask for service provider assistance with the technical details on a Form 471, especially the extensive information often required on an Item 21 attachment description of service. Please note that once a service provider has been selected and – if appropriate – a contract has been signed, USAC encourages the service provider to work with the applicant to be sure that the information provided on the form and attachment is complete and accurate.

Applicants should also share a copy of the final Item 21 attachment submitted to USAC with the appropriate service provider. Remember also that USAC will not begin the review of an application without an Item 21 attachment.

5. Invoicing Update

Payments for the month of February totaled \$130,266,247.39 against requests for \$163.2M. In total, 7,573 invoices were processed for 1,366 service providers. This represented 34,012 lines in February with 94 percent being completed within 30 days.

There were 1,799 lines in process as of March 3.

- **Service Provider Annual Certification (SPAC) Form 473**

Each funding year, service providers certify on the SPAC Form 473 that they are following the rules of the E-rate program. USAC will not pay invoices (either BEAR Forms 472 or SPI Forms 474) unless the service provider has filed a SPAC Form for that funding year. For example, if you or your customer files an invoice for a Funding Request Number (FRN) for FY2008, you must have a SPAC on file for FY2008 before USAC will pay that invoice.

If you are filing a SPAC Form, keep the following in mind:

- The form must be filed on paper. Be sure you are using the version of the form with April 2007 in the lower right-hand corner of each page.
- The form is specific to a Service Provider Identification Number (Item 2) and Funding Year (Item 3). If you have more than one SPIN, you must file a separate form for each SPIN.
- There is no deadline to file this form. For example, if an applicant is granted funding today on an FY2004 funding request on appeal, you can file an FCC Form 473 for FY2004 now if you have not already done so and then invoice USAC for those services as appropriate once the SPAC Form has been processed.

To verify that a SPAC Form has been processed for a funding year, you can use the SPIN Contact Search tool on our website. After you enter your SPIN and click the "Next" button, you will see all the funding years for which USAC has a SPAC Form on file in the far right-hand column of the search results. If you submitted a SPAC Form recently, you can start invoicing USAC as soon as the appropriate funding year appears in this tool.

6. General Questions Received by Email

Q1: Will the spring service provider training be offered this year?

A1: Yes. We expect the training to occur in early May, with one session on the East Coast and a second identical session on the West Coast. We will post detailed information on the website and in the SL News Brief in the next few weeks.

Q2: The SLD Hotline suggested I ask this question on the call: Is "Online Data Backup" an eligible service? As a service provider, we only install software on a client's currently used server to schedule their data backup to an off-site location via the Internet. There is no additional equipment installed for this service. So is this type of service eligible? And if so, is it considered Priority 1 or Priority 2?

A2: Online data backup services are not eligible for E-Rate discounts.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

April 7, 2010

AGENDA

- Funding Commitments for FY2009
- Update on E-File System Authorized Users
- Update on Spring Service Provider Training
- Service Provider Assistance with Item 21 Attachments
- Invoicing Update
- Other

MINUTES

1. Funding Commitments for FY2009

For FY2009, USAC is denying Priority 2 (Internal Connections and Basic Maintenance of Internal Connections) funding requests at 69 percent and below and funding approved requests at 80 percent and above. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
043	3/9/2010	\$24.0 M
034	3/16/2010	\$31.1 M
045	3/23/2010	\$35.7 M
046	3/30/2010	\$15.5 M
047	4/6/2010	\$17.8 M

2. Update on E-file System Authorized Users

USAC has made some changes to the E-file System based on the new version of the Form 498. These changes are in addition to the form changes discussed on previous calls. (For more details on the Form 498 changes including the requirement to provide electronic banking information, refer to the January 6 SP Call Minutes and the March 3 SP Call Minutes.)

Keep in mind that all communications to service providers about their FCC Forms 498 are sent by email. The company officer and the general contact should monitor their email accounts for any notifications from USAC.

When you revise your FCC Form 498:

- The general contact (Block 2 of the FCC Form 498) can submit revisions to the form online, but only the company officer of record (Block 15 of the most recently filed FCC Form 498) can certify the form online. The revised form must be certified before USAC can process it.
- If you report a company officer different from the company officer on record, the new company officer must re-authorize all existing online authorized users. If this re-authorization does not happen within 15 days, USAC will deactivate those users.

If you have any difficulties using the E-file System to grant or change permissions, to locate your deactivated users, or to perform other actions, contact USAC at (888) 641-8722. (Remember to choose the "FCC Form 498" option.)

3. Update on Spring Service Provider Training

Information on the upcoming training sessions is available on the Spring 2010 Service Provider Training page on the USAC website. The one-day sessions will be held on Tuesday, March 4, in Los Angeles, California and Tuesday, May 11 in Tampa, Florida. You can register from the website announcement and also get information on the conference hotels.

4. Service Provider Assistance with Item 21 Attachments

USAC has emphasized during training and on our website and through other guidance materials that service providers cannot be involved in applicants' competitive bidding processes except as bidders. Consequently, applicants may be reluctant to ask for service provider assistance with the technical details on a Form 471, especially the extensive information often required on an Item 21 attachment description of service. Please note that once a service provider has been selected and -if appropriate - a contract has been signed, USAC encourages the service provider to work with the applicant to be sure that the information provided on the form and attachment is complete and accurate.

Applicants should also share a copy of the final Item 21 attachment submitted to USAC with the appropriate service provider. Remember also that USAC will not begin the review of an application without an Item 21 attachment.

5. Invoicing Update

Payments for the month of March totaled \$165,228,228.18 against requests for \$217.2M. In total, 10,764 invoices were processed for 1,557 service providers. This represented 43,154 lines in March with 95 percent being completed within 30 days.

There were 2,811 lines in process as of April 5.

- **FCC Form 486**

Another major reason that invoices are rejected or delayed is a missing FCC Form 486. Before USAC can process an invoice for an FRN, the applicant must file - and USAC must review - a Form 486, Receipt of Service Confirmation Form, for that FRN. After USAC issues an FCC

Form 486 Notification Letter, invoices can be submitted and processed. (Issuance of a Funding Commitment Decision Letter (FCDL) is not sufficient for invoices to be submitted and processed.)

If USAC receives an invoice for an FRN that does not have a Form 486 on file, the system will hold the invoice and check each day for 10 days to see if an FCC Form 486 has been filed. If after 10 days no Form 486 has been filed, the system automatically rejects the invoice. You should work with your customers to ensure that an FCC Form 486 is properly filed before you (or they) resubmit an invoice.

If an FCC Form 486 has been received and USAC is reviewing it for compliance with the Children's Internet Protection Act (CIPA) and/or Technology Plan certifications, then the system will hold the invoice until that review has been completed. You can contact your customer if they are undergoing a Form 486 review to verify they have responded to USAC's questions. After USAC completes its FCC Form 486 review, the system will automatically resume processing the associated invoice.

6. Other

Due to the May 4 training in Los Angeles, the May call has been moved one day later - to Thursday, May 6. The call time, call-in number and passcode will remain the same.

If you have questions for the call, please submit them by close of business on Thursday, April 29, so that the agenda can be prepared and sent out on April 30.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

May 6, 2010

AGENDA

- Funding Commitments for FY2009
- Update on Electronic Payments for BEAR Forms
- Update on Service Provider Training
- Service Provider Assistance with Item 21 Attachments
- Invoicing Update
- General Questions Received by Email

MINUTES

1. Funding Commitments for FY2009

For FY2009, USAC is denying Priority 2 (Internal Connections and Basic Maintenance of Internal Connections) funding requests at 69 percent and below and funding approved requests at 80 percent and above. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
048	4/13/2010	\$7.5 M
049	4/21/2010	\$10.9 M
050	4/27/2010	\$6.1 M
051	5/3/2010	\$17.8 M

2. Update on Electronic Payments for BEAR Forms

USAC is making electronic payments for BEAR Forms if service providers have provided electronic banking information on FCC Form 498. As of now, USAC is still issuing paper checks if electronic banking information has not been provided.

The FCC has not yet set a deadline for service providers to provide or update their electronic banking information on FCC Form 498. However, once that deadline has been set, USAC will not be able to make payments to service providers by paper check after that date.

For more details on revisions to FCC Form 498, including the requirement to provide electronic banking information, refer to the January 6 SP Call Minutes and the March 3 SP Call Minutes.

3. Update on Spring Service Provider Training

The service provider training session in Los Angeles on May 4 was well attended and informative. We look forward to our second service provider training session in Tampa, Florida next week.

4. Service Provider Assistance with Item 21 Attachments

USAC has emphasized during training and on our website and through other guidance materials that service providers cannot be involved in applicants' competitive bidding processes except as bidders. Consequently, applicants may be reluctant to ask for service provider assistance with the technical details on a Form 471, especially the extensive information often required on an Item 21 attachment description of service. Please note that once a service provider has been selected and – if appropriate – a contract has been signed, USAC encourages the service provider to work with the applicant to be sure that the information provided on the form and attachment is complete and accurate.

Applicants should also share a copy of the final Item 21 attachment submitted to USAC with the appropriate service provider. Remember also that USAC will not begin the review of an application without an Item 21 attachment.

5. Invoicing Update

Payments for the month of April totaled \$250,943,861.64 against requests for \$284.5M. In total, 13,824 invoices were processed for 1,773 service providers. This represented 47,332 lines in April with 95 percent being completed within 30 days.

There were 2,811 lines in process as of May 6.

- **FCC Form 498**

Invoices cannot be paid if USAC does not have a complete and correct FCC Form 498, Service Provider Identification Number (SPIN) and Contact Information Form, on file. Service providers complete this form before they can participate in the E-rate program, but – as we have discussed on previous calls – the Form 498 on file with USAC may need to be revised when new or additional information is required.

When a revision to an FCC Form 498 is begun online but not completed, or if a revision is completed and submitted online by the general contact but not certified by the company officer, the SPIN may become temporarily "unregistered" – that is, USAC is unable pay invoices featuring that SPIN until the problem is corrected.

Note that the current Form 498 also requires new information, such as a D-U-N-S number and SAC codes, in addition to electronic banking information. (See the March 3, 2010 SP Call Minutes.) If you file a revision to your FCC Form 498, you must also provide this additional information or USAC cannot complete the processing of your form.

If you are having difficulty revising your Form 498, you can call USAC's Billing, Collections, and Disbursement (BCD) Department at (888) 641-8722 (choose the "Form 498" option, currently option 3) for assistance. After USAC has successfully processed your FCC Form 498 revisions, you can submit new invoices for any invoices that were rejected due to an unregistered SPIN.

6. General Questions Received by Email

Q1: We have received guidance from the Client Services Bureau that if an applicant prepays before the funding year starts or outside the funding year, they will not be reimbursed. But there may be instances in which a service provider needs a deposit at contract signing, or reimbursement is sought only after the funding year closes. We have found no information on the USAC website describing restrictions for when payments may be made (only for when services can be delivered), and therefore this seems like a "gotcha" where E-rate constituents attempt to follow program rules but USAC has additional requirements that are not known to the greater E-rate community. Is prepayment prohibited by FCC rules? Does a payment limitation exist, and, if so, what purpose is served by a USAC limitation against payments prior to or after the funding year?

A1: Payments made outside the funding year can sometimes be eligible for discounts. Because each situation is different, however, you should send USAC a detailed description of your situation and we can then provide you an answer specific to that situation.

Q2: I do not know what forms were previously submitted for this calendar year and what forms I need to fill out to update our information. Can a representative call me about what forms we need to fill out?

A2: Please call BCD at (888) 641-8722 ("FCC Form 498" option) for assistance.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

June 9, 2010

AGENDA

- Funding Commitments for FY2010 and FY2009
- Update on FCC Form 498 Online Data Entry
- Deadline for Providing Electronic Banking Information on FCC Form 498
- FCC's Notice of Proposed Rulemaking (FCC 10-83)
- Invoicing Update
- Other
- General Questions Received by Email

MINUTES

1. Funding Commitments for FY2010 and FY2009

For FY2010, USAC is funding approved Priority 1 (Telecommunications Services and Internet Access) funding requests at all discount levels. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
001	5/26/2010	\$426.4 M
002	6/2/2010	\$69.9 M
003	6/8/2010	\$33.5 M

For FY2009, USAC is denying Priority 2 (Internal Connections and Basic Maintenance of Internal Connections) funding requests at 69 percent and below and funding approved requests at 78 percent and above. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
052	5/11/2010	\$1.9 M
053	5/18/2010	\$14.5 M
054	5/25/2010	\$10.5 M
055	6/3/2010	\$0.9 M
056	6/9/2010	\$7.9 M

2. Update on Form 498 Online Data Entry

In the next few weeks, we will be moving away from the current PDF interface for data entry of FCC Form 498 online to a simpler, clearer interface. This new interface should be easier for

service providers to use. This is a cosmetic change only; there are no form revisions associated with this change.

3. Deadline for Providing Electronic Banking Information on FCC Form 498

The FCC has issued Public Notice DA 10-270, which establishes the effective date of August 31, 2010 for the electronic disbursement requirement to facilitate the processing of the electronic funds transfer (EFT) announced by the Wireline Competition Bureau in September 2009. After August 31, 2010, if a recipient of universal service support payments fails to provide the required financial institution information on its FCC Form 498 to enable payment by EFT, USAC will not make universal service support payments to that entity until the entity provides the required information.

Note that the FCC has also issued Order DA 10-999, which addresses issues related to the USAC E-rate invoicing process and clarifies that an electronic funds transfer mechanism to distribute universal service support payments invoiced by service providers does not conflict with the Commission's directive that service providers must remit the E-rate discount amount to the applicant "prior to tendering or making use of the payment from the Administrator."

4. FCC's Notice of Proposed Rule Making (FCC 10-83)

This Notice of Proposed Rule Making (NPRM), released on May 20, 2010, seeks comment on proposed reforms in E-rate including:

- eliminating FCC rules that overlap with state and local contracting and technology planning requirements;
- enhancing FCC's ability to stop waste, fraud and abuse by codifying competitive bidding requirements;
- reducing the administrative burden on applicants by conforming the E-rate definition of "rural" to the Department of Education's definition;
- simplifying the way schools calculate their discounts;
- providing schools and libraries with more flexibility to choose the most cost-effective bandwidth solutions by allowing the leasing of unused capacity from municipalities and other entities;
- expanding access to broadband in residential schools that serve populations facing unique challenges, such as Tribal schools or schools for children with physical, cognitive, or behavioral disabilities;
- indexing the current \$2.25 billion cap on E-rate disbursements to inflation to maintain the purchasing power of the current program and enable continued support for high-speed broadband and internal connections in the future; and
- other proposals.

The deadline for comments is 30 days from publication in the Federal Register; the deadline for reply comments is 45 days from publication in the Federal Register.

5. Invoicing Update

Payments for the month of May totaled \$193,336,946.04 against requests for \$224.7M. In total, 10,324 invoices were processed for 1,464 service providers. This represented 40,980 lines in May with 97 percent being completed within 30 days.

There were 1,245 lines in process as of June 9.

- **Invoicing for More than the Committed Amount**

USAC will not pay invoices that exceed the amount committed for an FRN. Following are two situations of when this can occur:

- The total commitment has already been paid. Usually this results from an incorrect FRN association – that is, when a service provider continues to use an FRN from the previous funding year rather than the FRN for the current funding year.
- USAC reduced the commitment because the Form 486 was late. If an applicant certifies a Form 486 after the extended Form 486 deadline, USAC resets the service start date to the date 120 days before the postmark date (or the date that the form was certified online). If this occurs, the Form 486 Notification Letter will contain an asterisk (*) after the service start date in the Form 486 Notification Letter Report together with an explanation for the adjustment and, if appropriate, a reduction in funding.

- **FCC Form 498 Deadline**

The Form 486 certification deadline is 120 days after the date of the FCDL or 120 days after the service start date reported on the Form 486, whichever is later. However, USAC will send an applicant a Form 486 Urgent Reminder Letter if the Form 486 appears to be late. (USAC calculates the date this letter is sent by counting forward 120 days from the date of the FCDL or the service start date reported on the Form 471 funding request, whichever is later.) The applicant then has 20 days from the date of the Form 486 Urgent Reminder Letter to submit and certify – online or on paper – a Form 486 without penalty. If the applicant misses this extended deadline, the above penalty will apply.

We encourage you to work with your customers to ensure that Forms 486 are timely filed.

- **Important Dates**

- June 30, 2010 – This is the last day for applicants to receive FY2009 recurring services.
- October 28, 2010 – This is the last day to submit an invoice for FY2009 recurring services.

- July 1, 2010 – This is the first day of FY2010. You should ensure that – to the extent possible – everything is in place to begin delivering services and invoicing for those services.

6. Other

The NPRM mentioned earlier (FCC 10-83) the FNPRM on eligible services (FCC 09-105) and the draft FY2011 Eligible Services List have been published in the Federal Register. Comments are due July 9 and reply comments are due July 26. For information on filing comments, refer to Public Notice DA 10-1045.

7. General Questions Received by Email

Q1: Is it permissible to use basic maintenance \$\$ to install structured cabling for wireless access points and additional data drops in classrooms.

A1: Installation of equipment may be applied for as internal connections but not as basic maintenance.

Q2: Is it permissible to house physical servers with virtualization functionality at a district office? The district serves as a hub and is a main BEN with multiple schools it would support. In addition, the FRN indicates the school as the location for the servers. If it is permissible for the district to act as a hub and physically store the servers do we need to do anything to transfer the equipment to the district since the 471 lists the school as the location?

A2: If a server will serve multiple entities (in the example above, multiple schools and the district office), all of those entities should be listed in the Block 4 worksheet cited in Item 22 of the FRN (Form 471 Block 5). All of the entities on that worksheet will be considered to have used a year under the Two-in-Five rule. As long as the entities continue to share the service, moving a server from one of these entities to another is not considered a transfer of equipment. However, the new location should be noted on the school district's asset register.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

July 7, 2010

AGENDA

- Funding Commitments for FY2010 and FY2009
- Update on FCC Form 498 Online Data Entry
- Deadline for Providing Electronic Banking Information on FCC Form 498
- Comment/Reply Deadlines for NPRM and Draft FY2011 ELS
- Invoicing Update
- Other
- General Questions Received by Email

MINUTES

1. Funding Commitments for FY2010 and FY2009

For FY2010, USAC is funding approved Priority 1 (Telecommunications Services and Internet Access) funding requests at all discount levels. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
004	6/15/2010	\$37.3 M
005	6/22/2010	\$62.4 M
006	6/29/2010	\$82.3 M
007	7/7/2010	\$48.1 M

For FY2009, USAC is denying Priority 2 (Internal Connections and Basic Maintenance of Internal Connections) funding requests at 69 percent and below and funding approved requests at 78 percent and above. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
057	6/17/2010	\$8.5 M
058	6/23/2010	\$4.7 M
059	7/8/2010	\$5.5 M

2. Update on Form 498 Online Data Entry

This coming weekend, we will move away from the current PDF interface for data entry of Form 498 online to a simpler, clearer interface. This new interface should be easier for service

providers to use. This is a cosmetic change only; there are no form revisions associated with this change.

The new interface will validate the association between the Filer ID and Taxpayer ID, and will also validate the bank routing number provided against the Federal Reserve list of routing numbers in order to reduce data entry errors. Also, the company officer will see the final version of the form in a non-editable format before certification.

3. Deadline for Providing Electronic Banking Information on FCC Form 498

The FCC has issued Public Notice DA 10-270, which establishes the effective date of August 31, 2010 for the electronic disbursement requirement to facilitate the processing of the electronic funds transfer (EFT) announced by the Wireline Competition Bureau in September 2009. After August 31, 2010, if a recipient of universal service support payments fails to provide the required financial institution information on its FCC Form 498 to enable payment by EFT, USAC will not make universal service support payments to that entity until the entity provides the required information.

Note that the FCC has also issued Order DA 10-999, which addresses issues related to the USAC E-rate invoicing process and clarifies that an electronic funds transfer mechanism to distribute universal service support payments invoiced by service providers does not conflict with the Commission's directive that service providers must remit the E-rate discount amount to the applicant "prior to tendering or making use of the payment from the Administrator."

4. Comment/Reply Deadlines for NPRMs and Draft FY2011 ESL

The FCC has released an E-rate Broadband Notice of Proposed Rule Making (NPRM), an Eligible Services List (ESL) Order and Further Notice of Proposed Rule Making (FNPRM), and a draft FY2011 ESL. All three documents have been published in the Federal Register.

Comments on the notices and the draft FY2011 ESL are due July 9.

Reply comments on the notices and the draft FY2011 ESL are due July 26.

For more information, including how to file comments, refer to Public Notice DA 10-1045.

Note that the FCC has also released Public Notice DA 10-1248 seeking comment on draft Forms 470 and 471. The proposed changes to the forms include:

- eliminating questions that are no longer useful;
- limiting data collection to information that is not already available through other USAC forms or review processes;
- requiring information about the current number of broadband connections and their speeds;
- requiring the Item 21 attachment to be filed within the filing window;
- gathering specific information about the type of entity filling out the forms and/or applying for E-rate funding; and
- updating to reflect changes in program rules and citations.

Comments on the draft forms are due July 30. For more information, you can refer to the public notice.

5. Invoicing Update

Payments for the month of June totaled \$154,351,636.78 against requests for \$223.1M. In total, 9,382 invoices were processed for 1,383 service providers. This represented 39,809 lines in June with 98 percent being completed within 30 days.

There were 3,284 lines in process as of July 5.

- **Invoicing in Advance of the FCC Form 486 Notification Letter**

USAC cannot pay an invoice unless the applicant has indicated that services have started by filing an FCC Form 486. After USAC has completed processing the FCC Form 486 and issued a Form 486 Notification Letter to the applicant and service provider, invoicing can begin.

Note that the FCC Form 486 has not been completely processed until:

- The applicant has pushed the "Submit" button (if filing online).
- The applicant has certified the form, either online or on paper.
- USAC has completed its review of the Form 486 and issued a Form 486 Notification Letter. This letter contains the service start date – the earliest date that services can be received – which USAC may have adjusted to comply with program rules.

Service providers should wait until they receive the Form 486 Notification Letter before submitting invoices. Note that a Form 486 for FY2010 must be filed before recurring services for July 2010 can be invoiced.

- The last day of FY2009 was June 30, 2010. Please ensure that the bills for this funding year have been sent to your customers correctly and the invoices submitted to USAC. The deadline for filing invoices related to FY2009 recurring services is October 28, 2010.
- The first day of FY2010 was July 1, 2010. Please verify that a Form 486 has been certified for an FRN before submitting an invoice to USAC for that FRN. Remember also that you must have filed a Form 473, Service Provider Annual Certification Form, for FY2010.

6. Other

The FCC Form 486 SSD field in the Data Retrieval Tool has been corrected. This field will now only contain a Service Start Date if USAC has successfully processed an FCC Form 486 from the applicant for a particular FRN.

7. General Questions Received by Email

Q1: Based on the draft eligible services list for FY2011, is it safe to assume that basic maintenance will still be an eligible service for 2011-2012 or could that change? Can you tell us the best way to find the responses that have been posted relative to rule changes? I am having a hard time navigating through the FCC website to find them. Is there a specific web page or link that will take me right to these specific responses? Can you give us an idea of when we can expect the FCC to rule on the proposed changes? Will these be in the summer, in time to enable applicants and service providers to adjust to the new rules? Once the new rules are in place (assuming there will be some), will SLD try to schedule a training for service providers, or possibly a webinar, to review changes and take questions? Thank you!

A1: We will provide updated guidance on the application process and any changes in eligibility for this and future funding years as the FCC issues orders containing rule changes and/or new policies to be implemented. Watch the Schools and Libraries area of the USAC web site and the weekly SL News Briefs for updated guidance.

You can submit a comment or search for comments on the FCC's Electronic Comment Filing System webpage. Note that the Proceeding Number for the Schools and Libraries program is 02-6.

Note also that service providers are welcome to attend the applicant training sessions in October and early November. We intend to cover any changes for the upcoming application window in those training sessions. We will also:

- discuss information from the applicant training sessions on the October 6 service provider call and
- plan to hold at least one webinar for service providers on any changes to the program for FY2011 after the last applicant training session on November 2 in Dallas.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

August 4, 2010

AGENDA

- Funding Commitments for FY2010 and FY2009
- Deadline for Providing Electronic Banking Information on FCC Form 498
- Update on FCC Form 498 Authorized Users
- Posting of FY2011 FCC Forms 470
- Invoicing Update
- General Questions Received by Email

MINUTES

1. Funding Commitments for FY2010 and FY2009

For FY2010, USAC is funding approved Priority 2 (Internal Connections and Basic Maintenance) funding requests at 90 percent. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
008	7/15/2010	\$72.0 M
009	7/20/2010	\$115.2 M
010	7/27/2010	\$36.5 M
011	8/03/2010	\$33.6 M

For FY2009, USAC is denying Priority 2 funding requests at 69 percent and below and funding approved requests at 78 percent and above. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
060	7/21/2010	\$7.2 M
061	8/04/2010	\$12.7 M

2. Deadline for Providing Electronic Banking Information on FCC Form 498

Reminder: After August 31, 2010, if a recipient of universal service support payments fails to provide the required financial institution information on its FCC Form 498 to enable payment by EFT, USAC will not make universal service support payments to that entity until the entity provides the required information.

USAC has completed outreach by email and telephone to service providers that have not yet provided electronic banking information on an FCC Form 498. We will continue our outreach efforts to service providers in advance of the August 31 deadline.

If you have questions about E-pay, please contact USAC at (888) 641-8722 (choose Option 3 "FCC Form 498").

3. Update on FCC Form 498 Authorized Users

Because of the revision to Form 498 that became effective in November 2009, only the Company Officer (not the General Contact) now controls the authorized users of the E-File System. This means that, if the Company Officer is changed when a service provider submits an update to FCC Form 498, the authorized users may no longer appear online. If this happens, you can call USAC at (888) 641-8722 (choose Option 3) for assistance.

4. Posting of FY2011 FCC Forms 470

As of July 1, applicants have been able to post FCC Forms 470 for FY2011 on the USAC website. You can access the information on those forms from either the FCC Form 470 Search Posted Tool (to locate and review one form at a time) or the FCC Form 470 Download Reports Tool (to download summary information from posted forms into a text file that can be opened as a spreadsheet).

Please note:

- If an applicant posted an FCC Form 470 for FY2010, that form cannot be cited on an FCC Form 471 funding request for FY2011 tariffed or month-to-month services. The applicant must file a new FCC Form 470 that features FY2011 as the funding year.
- If an applicant posted an FCC Form 470 for FY2010 and indicated somewhere on the form and/or on an associated RFP that the form was meant for FY2011, that form can be cited on an FCC Form 471 funding request for FY2011 contracted services.

USAC will be reaching out to applicants that checked Box 7a (Tariffed or month-to-month services provided without a written contract) on an FCC Form 470 for FY2010 posted after the FY2010 FCC Form 471 filing window closed to be sure they understand the requirement to file an FY2011 FCC Form 470 for FY2011 tariffed or month-to-month services.

5. Invoicing Update

Payments for the month of July totaled \$205,575,114.43 against requests for \$260.5M. In total, 13,087 invoices were processed for 1,691 service providers. This represented 51,033 lines in July with 98 percent being completed within 30 days.

There were 1,048 lines in process as of August 2.

- **Invoicing After the Invoicing Deadline**

An invoice cannot be paid if it is submitted after the invoicing deadline, which is generally 120 days after the last date to receive service.

For FY2009, the invoicing deadlines are:

- October 28, 2010 for recurring services (120 days after June 30)
- January 28, 2011 for non-recurring services (120 days after September 30)

If you or the applicant needs additional time to complete the invoicing process, you or the applicant must submit an invoice deadline extension request. After USAC has reviewed and approved the request, invoices can be submitted. Note that an invoicing deadline extension generally allows an additional 120 days to complete the invoicing process.

If non-recurring services cannot be delivered by the September 30 deadline, USAC must first receive and process a service delivery extension request for those services to be delivered. Such requests must be submitted to USAC on or before the last date to receive service.

There may be two additional steps necessary in this situation:

- If the contract expires before the services can be delivered, the contract must be extended. This extension must be allowable under the terms of the contract.
- If the contract is extended, the applicant must file an FCC Form 500 to report the new contract expiration date to USAC.

The invoicing deadline would be recalculated if the service delivery extension request is approved. The new invoicing deadline would be changed to 120 days after the new service delivery date.

6. General Questions Received by Email

Q1: I am on the monthly calls, but I have not been receiving the notes from the calls. Is there a web site I can go to, or can I get on an email list please? Thanks.

A1: All of the relevant information on the monthly service provider conference calls - how to submit written questions, how to join a call, call agendas, and call minutes - is on the USAC website. Click on the Outreach and Training link on the left-hand side of any Schools and Libraries web page and then choose Service Provider Conference Calls.

Here is how the process works:

- Calls are generally held on the first Wednesday of the month. If you have written questions for the call, you can submit them using the Submit a Question feature on the website by 5:00 PM ET on the Friday before the call. Written questions submitted before the agenda is distributed are included in the agenda.

- On Monday, the agenda is prepared. It is sent out by email to anyone who has subscribed, and also posted on the website. You can access the agenda online by clicking on the date of the call at the bottom of the Service Provider Conference Call page.
- After the call, call minutes are posted to a link in the upper right-hand corner of the agenda page for that particular call. The minutes provide a short summary of the discussion of each agenda item, helpful links to other documents, and written answers to the written questions contained in the agenda.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

September 1, 2010

AGENDA

- Funding Commitments for FY2010 and FY2009
- Process for Payments Withheld Due to E-Pay
- Posting of FY2011 FCC Forms 470
- Invoicing Update
- Other

MINUTES

1. Funding Commitments for FY2010 and FY2009

For FY2010, USAC is funding approved Priority 2 (Internal Connections and Basic Maintenance) funding requests at 90 percent. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
012	8/10/2010	\$51.0 M
013	8/17/2010	\$38.6 M
014	8/24/2010	\$32.3 M
015	8/31/2010	\$26.7 M

For FY2009, USAC is denying Priority 2 funding requests at 76 percent and below and funding approved requests at 77 percent and above. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
062	8/11/2010	\$11.9 M
063	8/18/2010	\$6.0 M
064	8/25/2010	\$5.8 M

2. Process for Payments Withheld Due to E-Pay

The deadline of August 31, 2010 to provide electronic banking information has passed. USAC will no longer be issuing paper checks as payment for invoices. Please note the following:

USAC now only pays USF disbursements electronically.

- You can update your FCC Form 498 at any time, preferably online, to provide electronic banking information. If your electronic banking information changes, you should update your FCC Form 498 as soon as possible so USAC can continue to process payments successfully.
- If a Schools and Libraries support payment is authorized for your company and there is no electronic banking information on file, the payment will be withheld.
- If a payment is withheld, USAC will send an email notice to the remittance contact advising them of the held payment. A reminder will go out every 30 days following. Note that a separate email will go out each time a payment is withheld, and every 30 days thereafter, until electronic banking information is provided.
- Once electronic banking information is provided through a successful update to FCC Form 498, USAC can make the payment. The payment will be processed the next time USAC does a Schools and Libraries payment run, which is twice per week.
- BEAR payments are held for 14 days after they are authorized; then they are sent to the bank. This gives service providers time to verify which of their customers should receive the funds. Applicants can count forward 15 days from the date of the BEAR Notification Letter to estimate when USAC has sent the payment to the service provider. (Note, however, that banks do not necessarily process funds on the date that they are transmitted by USAC.)
- Service providers have 20 business days after receipt to remit BEAR funds to applicants (see agenda item E. Other, bullet 2 below).
- If an applicant wants to know if its service provider has provided electronic banking information to USAC, the applicant can call USAC at (888) 641-8722 (choose Option 3 "FCC Form 498") and provide the service provider's SPIN.

If you have questions about E-pay, please contact USAC at the toll-free number provided above.

3. Posting of FY2011 Forms 470

As of July 1, applicants have been able to post Forms 470 for FY2011 on the USAC website. You can access the information on those forms from either the Form 470 Search Posted Tool (to locate and review one form at a time) or the Form 470 Download Reports Tool (to download summary information from posted forms into a text file that can be opened as a spreadsheet).

4. Invoicing Update

Payments for the month of August totaled \$227,939,056.83 against requests for \$270.7M. In total, 13,933 invoices were processed for 1,702 service providers. This represented 45,611 lines in August with 96 percent being completed within 30 days.

There were 1,458 lines in process as of September 1.

- **Invoices with Bill Dates Outside of the Funding Year**

Invoices (SPI – FCC Forms 474) should reflect requests for discounts provided on customer bills. Customer bills are presumed to be sent after the services have been delivered. An invoice

may be rejected if the bill for services precedes the funding year, or if the associated customer bill is dated outside of the funding year.

This issue occurs most frequently for recurring services in the June to August time period. Invoices should reflect the FRN appropriate for the funding year for which the services are being delivered and billed.

- For example, if the applicant is billed for recurring services delivered (or to be delivered) in July 2010, the invoice should feature an FRN for FY2010, not FY2009.
- Conversely, if the applicant is billed for recurring services delivered (or to be delivered) in June 2010, the invoice should feature an FRN for FY2009, not FY2010.
- We understand that sometimes the first or last bill of the year may not fit the above situations because of billing in advance or in arrears. Note in this case that USAC will not pay for more than 12 months of recurring service for an FRN in a funding year.

Please ensure that the services that have been billed are using the correct FRN for the funding year and the billing dates are for the correct funding year.

5. Other

USAC is considering different options for service provider training this fall. (This is in addition to the regular service provider training offered each spring.) We will post updates to the SL News Brief and the Schools and Libraries main web page once we have more information.

BEAR payments must be remitted to applicants within 20 business days of receipt. The Second Report and Order (FCC 03-101, released April 30, 2003) refers repeatedly to "20 days" in the body of the order, but the final rule states "20 business days after receiving the reimbursement..." 47 C.F.R. Section 54.514(b)

USAC is working on a solution to restore access for service providers to Item 21 attachments filed online.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

October 6, 2010

AGENDA

- Funding Commitments for FY2010 and FY2009
- FCC public Notice DA 10-1664: Financial System Blackout Period
- Webinar on FCC Form 498
- FCC Sixth Report and Order FCC 10-175 and Fall Training Session for Service Providers
- Invoicing Update
- Other
- General Questions Received by Email

MINUTES

1. Funding Commitments for FY2010 and FY2009

For FY2010, USAC is funding approved Priority 2 (Internal Connections and Basic Maintenance) funding requests at 90 percent. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
016	9/8/2010	\$28.6 M
017	9/14/2010	\$31.6 M
018	9/21/2010	\$23.9 M
019	9/28/2010	\$87.2 M
020	10/6/2010	\$95.7 M

For FY2009, USAC is denying Priority 2 funding requests at 76 percent and below and funding approved requests at 77 percent and above. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
065	9/9/2010	\$5.2 M
066	9/15/2010	\$8.0 M
067	9/22/2010	\$2.3 M
068	9/29/2010	\$12.0 M
069	10/6/2010	\$2.5 M

2. FCC Public Notice DA 10-1664: Financial System Blackout Period

In this public notice released September 14, 2010, the FCC announced that its current financial system will be shut down to prepare for cutover to a new financial system. During the conversion, or "blackout," applicants will not be able to view their current Red Light status or recent payment activity online.

USAC gets a daily update on Red Light status, but during the conversion this will not happen. USAC will be working off the most recent update, which occurred last Friday, so some information may be outdated.

If you find discrepancies, please let us know by calling (888) 641-8722 and choosing option 2 or 3.

The FCC will notify its customers via its website upon completion of the conversion and return to normal operation.

3. Webinar on FCC Form 498

USAC is conducting three webinars on the FCC Form 498 this week. Two have already occurred, but there is still space available for the session on Thursday afternoon, October 7.

The webinars will cover basic information on how to file the FCC Form 498, how to access the E-File System, and how to avoid common filing problems.

To sign up or to view/print the presentation slides, you can visit the webinar page on the USAC website.

4. FCC Sixth Report and Order FCC 10-175 and Fall Training Sessions for Service Providers

USAC will conduct two training sessions for service providers that will highlight the information in the FCC's Sixth Report and Order (FCC 10-175, released September 28, 2010). The training sessions are still open for registration.

Please note that there is not a conference room rate at the conference hotels, so attendees are free to make their own hotel arrangements if needed. The training session will occur on the following dates and locations:

- Thursday, November 4, 2010: Atlanta, GA – Renaissance Concourse Atlanta Airport Hotel
- Tuesday, November 9, 2010: Albuquerque NM – Albuquerque Marriott

If you make a reservation and then find that you cannot attend, please cancel your reservation by sending USAC an [email](#).

The Sixth Report and Order addresses the following topics:

- Leased dark fiber now eligible
- Makes permanent community use
- Services to certain residential schools are eligible
- Indexes funding cap to inflation
- Pilot program for schools providing offsite wireless access
- Technology plans only for P2
- More on competitive bidding, including gifts
- Disposal of equipment and SPIN changes

Note that in this order, the FCC also released the Eligible Services List (ESL) for FY2011. You can find the ESL as Attachment B.

5. Invoicing Update

Payments for the month of September totaled \$211,194,073.70 against requests for \$275.6M. In total, 13,919 invoices were processed for 1,802 service providers. This represented 39,154 lines in September with 96 percent being completed within 30 days.

There were 1,747 lines in process as of October 1.

- **Invoice Deadline for FY2009 Recurring Services**

The last date to submit an invoice for FY2009 recurring services is October 28, 2010.

- SPI – FCC Forms 474 submitted after this deadline will be rejected.
- BEAR – FCC Forms 472 approved after this deadline will be rejected.
- If a SPI or BEAR is rejected, you or the applicant must request and be approved for an invoice deadline extension before you or the applicant can re-file the invoice.

To approve a BEAR Form, sign into the Online BEAR system from the E-File System. If you do not have a User ID and Password, you can call USAC's Billing, Collections, and Disbursement Department at (888) 641-8722 (choose the "FCC Form 498" option, not the "Schools and Libraries" option).

- **FCC Form 486 for FY2010**

If USAC issued a Funding Commitment Decision Letter on or before July 1, 2010 for services starting on July 1, the deadline for the applicant to file an FCC Form 486 is October 29, 2010. We suggest that you check with your customers to see if they have met this requirement. You can also check the Data Retrieval Tool (DRT). The DRT will feature an FCC Form 486 Service Start Date (486 SSD) for a Funding Request Number (FRN) if USAC has successfully processed an FCC Form 486.

- **Service Provider Annual Certification (SPAC) Form 473**

Each funding year, service providers must file a SPAC Form 473 to certify that they will comply with FCC rules concerning invoicing and documentation. The certifications apply to the entire funding year and are required before USAC will pay invoices.

USAC will not pay invoices for a funding year if a SPAC is not on file for that year. You should keep this in mind both for the FY2009 October 28 invoicing deadline mentioned above and for invoices for FY2010 services. You can use the SPIN Contact Search Tool of the USAC website to see if any SPAC Forms have not been filed.

6. Other

We expect the fix to the FCC Form 470 Download Reports Tool to be deployed this weekend. This means that service providers should no longer see duplicate entries for FCC Forms 470 posted to the USAC website.

7. General Questions Received by Email

Q1: Has there been any discussion about raising the amount of funding to the program as a whole? At the current pace it would seem that within just a few years there will be no funding left for priority 2 requests.

A1: The FCC's Sixth Report and Order indexes the \$2.25 billion cap to inflation beginning with FY2010. Exclusive of rollover, the funding cap for FY2010 will be \$2,270,250,000. In future years, the cap will not decrease in event of deflation, and any rollover of unused funds from previous years would be in addition to indexing.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

November 3, 2010

AGENDA

- Funding Commitments for FY2010 and FY2009
- Fall Training Sessions for Service Providers
- FCC Sixth Report and Order FCC 10-175
- Invoicing Update
- Other
- General Questions Received by Email

MINUTES

1. Funding Commitments for FY2010 and FY2009

For FY2010, USAC is funding approved Priority 2 (Internal Connections and Basic Maintenance) funding requests at 85 percent and above. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
021	10/12/2010	\$31.3 M
022	10/19/2010	\$25.5 M
023	10/27/2010	\$33.9 M
024	11/2/2010	\$18.9 M

For FY2009, USAC is denying Priority 2 funding requests at 76 percent and below and funding approved requests at 77 percent and above. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
070	10/20/2010	\$9.2 M
071	11/3/2010	\$18.7 M

2. Fall Training Sessions for Service Providers

The fall training sessions for service providers will be held tomorrow, November 4 in Atlanta and November 9 in Albuquerque. We look forward to lively and informative sessions.

3. FCC Sixth Report and Order (FCC 10-175)

Thanks to everyone who submitted questions in response to the FCC's invitation during the last call. All questions were forwarded verbatim to the FCC for review.

The FCC is also reviewing questions related to the Sixth Report and Order from USAC's applicant training sessions and outreach conference calls. USAC will feature any resulting information and guidance on its website and in the Schools and Libraries News Brief.

As a reminder, the Sixth Report and Order addresses the following topics:

- Leased dark fiber now eligible
- Makes permanent community use
- Services to certain residential schools are eligible
- Indexes funding cap to inflation
- Pilot program for schools providing offsite wireless access
- Technology plans only for P2
- More on competitive bidding, including gifts
- Disposal of equipment and SPIN changes

Note that in this order, the FCC also released the Eligible Services List (ESL) for FY2011. You can find the ESL as Attachment B of the Order.

4. Invoicing Update

Payments for the month of October totaled \$306,670,186.32 against requests for \$383.6M. In total, 21,175 invoices were processed for 2,073 service providers. This represented 62,697 lines in October with 97 percent being completed within 30 days.

There were 2,622 lines in process as of November 1.

- **Invoice Deadline for FY2009 Recurring Services**

The last date to submit an invoice for FY2009 recurring services was October 28, 2010. You must have approved your customer's BEAR Form by that date to ensure that it is not rejected. If you have FY2009 BEAR Forms awaiting your certification, check the FRN Extension Table to see if the invoicing deadline for the FRN(s) on those forms has been extended. If not, the applicant or the service provider must submit and receive approval for a request to extend this deadline before USAC can process FY2009 BEAR Forms.

5. Other

Update on Red Light: The cutover to the new financial system at the FCC has not been completed. USAC will not act on the (outdated) information from the last run before the system was taken down, but will wait until the system is back up and running.

If you want to check on the status of a payment or have other questions, you can call the FCC at (877) 480-3201 or (202) 418-1995.

We expect the fix to the FCC Form 470 Download Reports Tool to be deployed this weekend. This means that service providers should no longer see duplicate entries for Forms 470 posted to the USAC website.

6. General Questions Received by Email

Q1: Will you ever hold a service provider training session in the northeast? Even Washington, DC would be fine.

A1: Thank you for the suggestion. We will certainly consider it for future training sessions.

Q2: Question concerning the Draft 471, Block 2: Impact of Services Ordered, number of buildings served at specific speeds. Is USAC wanting the Internet access speed, or the Wide Area Network speed for buildings used by the applicant?

A2: We will provide specific guidance in the near future on how to complete the information requested in Block 2 of the revised Form 471.

Q3: An applicant wants to purchase cell phone service for staff members that includes both voice and data plans. The data plan comes with a GPS function, but the cost of that GPS function can be identified separate from the cost of the rest of the data plan. Is it acceptable for the applicant to cost allocate out the ineligible portion for the GPS services and apply for the remaining voice and data services?

A3: Yes. A separately priced GPS function should be cost allocated out so that funding is requested only for the voice and data service.

And the two questions from the call that we promised to answer in writing:

Q4: If an applicant owns its own fiber WAN, can a service provider provide services to light, manage, and maintain the fiber in the Telecommunications category of service?

A4: Lighting and managing of an applicant-owned fiber network do not fall into either the Telecommunications Services or Telecommunications categories of service. These network operation/management services are not eligible for E-rate discounts.

Q5: Is the maintenance of an applicant-owned WAN eligible?

A5: Basic maintenance of an applicant-owned WAN is not eligible because the WAN crosses a public right-of-way. The maintenance (not operation or management) of an applicant-owned fiber link going from building to building that does not cross a public right-of-way can be considered for funding in the Basic Maintenance of Internal Connections category of service.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Schools and Libraries Service Provider Conference Call

December 1, 2010

AGENDA

- Funding Commitments for FY2010 and FY2009
- Revised FCC Forms 470 and 471
- FCC Sixth Report and Order FCC 10-175
- Invoicing Update
- Other
- General Questions Received by Email

MINUTES

1. Funding Commitments for FY2010 and FY2009

For FY2010, USAC is funding approved Priority 2 (Internal Connections and Basic Maintenance) funding requests at 85 percent and above. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
025	11/9/2010	\$48.3 M
026	11/16/2010	\$83.1 M
027	11/23/2010	\$72.7 M
028	12/2/2010	\$109.3 M

For FY2009, USAC is denying Priority 2 funding requests at 76 percent and below and funding approved requests at 77 percent and above. Here is a list of the current funding commitments issued since the last call:

Wave	FCDL Date	Amount
072	11/10/2010	\$1.0 M
073	11/15/2010	\$13.5 M
074	11/24/2010	\$2.3 M

2. Revised FCC Forms 470 and 471

On Friday, November 19, 2010, the Wireline Competition Bureau of the Federal Communications Commission (FCC) released Public Notice DA 10-2218 announcing that revised FCC Forms 470 and 471 and their accompanying instructions have been approved for use by the Office of Management and Budget (OMB).

The forms and instructions will be available for actual submission by E-Rate participants after being posted on USAC's website by January 11, 2011, before the opening of the 2011 application filing window. Applicants should not submit the new forms until they are posted on USAC's website.

Also, the FCC Form 471 now requires that the Item 21 attachment be submitted with the form.

The forms and instructions as approved by the OMB are available on the FCC website for your review.

- FCC Form 470
- FCC Form 470 Instructions
- FCC Form 471
- FCC Form 471 Instructions

USAC provided additional guidance for FY2011 FCC Form 470 online filers in the November 19, 2010 SL News Brief.

3. FCC Sixth Report and Order (FCC 10-175)

The FCC is reviewing questions related to the Sixth Report and Order from USAC's applicant training sessions and outreach conference calls. USAC will feature any resulting information and guidance on its website and in the Schools and Libraries News Brief.

As a reminder, the Sixth Report and Order addresses the following topics:

- Leased dark fiber now eligible
- Makes permanent community use
- Services to certain residential schools are eligible
- Indexes funding cap to inflation
- Pilot program for schools providing offsite wireless access
- Technology plans only for P2
- More on competitive bidding, including gifts
- Disposal of equipment and SPIN changes

Note that in this order, the FCC also released the Eligible Services List (ESL) for FY2011. You can find the ESL as Attachment B of the Order.

4. Invoicing Update

Payments for the month of November totaled \$154,449,117.61 against requests for \$224.2M. In total, 12,371 invoices were processed for 1,763 service providers. This represented 40,785 lines in November with 92 percent being completed within 30 days.

There were 2,979 lines in process as of November 29.

- **January 28, 2011 Invoice Deadline for Non-recurring Services**

The last date to submit an invoice for FY2010 non-recurring services is January 28, 2011. Service providers should be prepared to submit service certifications, customer bills, or other requested documents when the Service Provider Invoice (SPI) FCC Form 474 is submitted. Now would be a good time to prepare your invoices since the services should have been completed by September 30, 2010, especially if the dollar amounts involved are large. If you submit your invoices now, schools will still be in session and it will be easier to obtain any necessary documents from applicants. Remember that if an invoice is rejected and the January 28 deadline has passed, you will have to request and receive an invoice deadline extension before you can submit a new invoice.

The volume of deadline extension requests for the October 28 deadline has increased substantially, and we are responding to requests as quickly as possible. If you have not received our response:

- Check your email. When large volumes of requests are received, we communicate our responses by email.
- Look for approved extensions on the Funding Request Number (FRN) Extension Table. You can find this tool on the Search Tools page of the USAC website. This tool shows the last date to receive service and the last date to invoice for extended FRNs in each funding year, and it will be updated when an extension is approved.

Please note that a recent FCC Order waived the rules for service delivery deadlines for certain applicants. Invoicing deadlines for the FRNs covered by this order will be processed and extended. When an extension is processed, USAC will issue an Administrator's Decision Letter and update the FRN Extension Table.

5. Other

Update on Red Light: The cutover to the new financial system at the FCC has not been completed. USAC will NOT act on the (outdated) information from the last run before the system was taken down, but will wait until the system is back up and running.

Note, however:

- Some Red Light issues originate at USAC. USAC will continue to follow up on those issues.
- If a communication about Red Light or an issue related to Red Light (e.g., COMAD) identifies a deadline - for example, a statement that you must file an appeal within 30 days of the date of the letter - plan to meet that deadline.

If you want to check on the status of a payment or have other questions, you can call the FCC at (877) 480-3201 or (202) 418-1995.

6. General Questions Received by Email

Q1: When I attended the Service Provider Training, I questioned the lack of response we've received from Applicants. In particular, Applicants who don't release an RFP tend to ignore our requests. For example, when we call or email the Applicant requesting specific information on what services they desire (because the 470 does not provide all the details required to provide an accurate bid), we get no response. How is this a competitive bidding process when service providers are not able to provide quotes based on lack of information? What are your recommendations for Service Providers faced with this issue?

A1: If in the Form 470 or RFP the applicant identifies a method to file a complaint (e.g., a bid protest), you can make use of that method. If you want to notify USAC, you can make a Whistleblower or Code 9 call. (See the last two paragraphs of the November 19, 2010 SL News Brief for more information.)

Note that if you notify USAC early enough in the process, USAC may be able to contact the applicant in time for the applicant to correct any faults in the competitive bidding process - which may involve canceling the current Form 470 and issuing a new one - and still be able to meet the 28-day waiting period requirement. The longer you wait, the less likely it is that the applicant will be able to correct a flawed process in time. .

Q2: Can you please clarify the SLDs stance on conversations with applicants prior to them filing a Form 470? As a normal business practice, most sales teams do talk to their customers/prospects about future purchases and the direction they will be taking with their technology departments. While these conversations are not directly focused on their plans for E- Rate, it is conceivable that the customer will offer information about their E-Rate plans. Also, it is conceivable that a customer/prospect will request a quote for technology anytime throughout the year and then, without the Service Providers knowledge, use that quote/BOM as a basis for their E-rate filing. This could have the appearance of a service provider having insider information, when in fact; they were just quoting the customer what they requested. If this were to happen, and became known to the SL, what would the SL stance be on this application?

A2: You can provide generic information to a potential applicant about products and services. You can provide specific information about products and services you offer if the applicant has not yet posted a, FCC Form 470 or issued an RFP.

Here are some examples of actions you can take to demonstrate the point in time that you provided the information in case any questions arise:

- Include a date on printed information you provide to an applicant
- Save a copy of an emailed communication to an applicant
- Save a copy of the fax transmission page or receipt if you fax information to an applicant
- Log a quick written note of a verbal communication to an applicant including the date the conversation occurred.

If you get a question from an applicant, ask if the applicant has already posted a Form 470 and/or issued an RFP.

- If so, your questions and comments should be submitted as indicated in the Form 470 and/or RFP.
- If not, but the applicant indicates an interest in using the information you provide to construct a Form 470 or RFP, keep your responses generic and vendor-neutral or refer the applicant to USAC's Client Service Bureau (888) 203-8100.

Note that vendor- or manufacturer-specific product or service descriptions in a Form 470 or RFP can result in additional scrutiny during the application review process and, if a program rule violation has occurred, can result in denial of FRNs that cite that Form 470. .

Q3: Concerning the newly adopted FCC rules on gifting, can you please consider the following scenario and advise? A company has multiple divisions and one of those divisions has absolutely nothing to do with E-rate or the eligible technology procured through E-Rate and utilizes a totally different sales force and call on employees of the applicant far removed from the E-rate procurement process. Do the gifting rules still apply to that division? The issue is that if this is an acceptable and expected business practice for this particular industry, then just because a company has diversified into an area that is utilizing E-rate funds for some purchases, then the other, non E-rate division of the company is put at a severe disadvantage to other non-service provider companies. Also, what is the FCC/SLD doing to make the Applicants aware of these rules and consequences?

A3: The FCC will be providing additional guidance and clarifications about gifts in the near future.

Q4: The E-Rate funding year is almost half over, yet USAC is holding up funding for certain Priority One service providers when their competitors have obtained funding commitments months ago. The reason USAC has provided is that these service providers have had an "exponential increase" in funding requests from the previous year, which in most cases is a significant exaggeration. What basis does USAC have for using this sole criterion - business success - as an indicator of a potential program violation? Is USAC aware of the financial and competitive damage it is imposing on good actors as a result of this approach?

A4: During application review, USAC may review certain funding requests more carefully to make sure the dollar amounts are accurate. This is not necessarily to check for a program rule violation, but is more likely to help us estimate more accurately how much money will be available to fund Priority 2 requests.

In most cases, these additional review checks have already been completed and FCDLs issued.

Q5: Can you please go into detail on how the item 21 submittal process will happen now? Our concern - as a P2 vendor, we currently prepare Item 21's for our clients and send them to the clients to submit via fax or email. These have detailed hardware lists. Will they still be able to do

this now? Also, can Item 21s be sent any time after the FCC Form 471 is filed online but before the window closes, or only as the FCC Form 471 is being submitted? Thanks!

A5: The process for preparing and submitting Item 21 attachments is not changing. They can be submitted online, by email, by fax, or by delivery service or U.S. Mail - after the FCC Form 471 is filed but before the window closes. You can refer to the Item 21 Attachment filing guidance on the USAC website for more information.

Applicants can file an Item 21 attachment online only after the Form 471 has been submitted online. Item 21 attachments not filed online must identify the appropriate FCC Form 471 application number and FRN(s) so that they can be correctly linked in the USAC database.

Note that the online Item 21 attachment will have some minor updates in order to be consistent with the information in the FY2011 Eligible Services List.