

expressed in the Commission's rules, thus substituting USAC's policy on eligibility for the Commission's.

Additionally, the promulgation and application of such a rule requires, first, an assumption that the Commission's rule directing the Administrator to "administer" and "disburse" is somehow unclear, and then second, an interpretation of the "unclear" provision as authorizing the Administrator to usurp the Commission's rulemaking function in order to create (without notice and comment) a gap-filling rule.

Alternatively, the activity, to be properly within USAC's authority, would require an interpretation of the Commission's direction to the Schools and Libraries Committee to "make decisions concerning . . . [a]dministration of the application process . . ." as meaning "to make *rules of decision* concerning the administration of the application process," which is well beyond the plain meaning of Rule 54.705(a)(iii).

Finally, in cases like DIS's, the promulgation or application by USAC of a "rule" of irrebuttable decisional significance such as the 30% "rule" constitutes an interpretation of Congressional intent, because the promulgation or application of such a "rule" in DIS's case cannot be carried out or upheld without consideration of whether or not Congress intended for nearly one million schoolchildren in one of the several states to be summarily denied universal service funding for an entire year on the basis of a data entry error.

Therefore, the 30% "rule" violates Section 54.702(c) of the Commission's rules, and its promulgation and application by USAC as a rule of irrebuttable decisional significance exceeds USAC's authority. Therefore, DIS requests that the Commission overturn the decision of USAC's Appeals Unit and direct the SLD to process DIS's amended application forthwith.

IV. CONCLUSION AND STATEMENT OF RELIEF SOUGHT

In all material respects, DIS complied with the SLD's application process, including its procedures for correcting data entry errors.

The funding requests available to the SLD at the time it made its funding decision contained no amounts allocable to ineligible entities.

The SLD's refusal to acknowledge the correct information on grounds that the April 6, 1999 deadline for amendments had passed, in light of the SLD's accepting and processing an amendment DIS submitted in late July, was arbitrary and capricious and an abuse of discretion.

The SLD's Appeals Unit's reliance on an unpublished 30% "rule" as its stated reason for withholding e-rate funding from nearly one million schoolchildren in the State of Washington exceeded the Administrator's authority and violated Section 54.702(c) of the Commission's rules, which prohibits the Administrator from making policy or interpreting the intent of Congress.

For all of the foregoing reasons, DIS respectfully requests that the Commission to overturn the decision of the Universal Service Administrator of May 12, 2000, and direct the SLD to process DIS's application forthwith, using the information that DIS timely provided to the SLD on August 18, 1999.

Respectfully Submitted,

The Washington State Department of
Information Services

By: _____

Judith L. Harris
James Philip Schulz
REED SMITH SHAW & McCLAY, L.L.P
1301 K Street, NW
Suite 1100 -- East Tower
Washington, DC 20005

Its Attorneys

EXHIBIT 1



STATE OF WASHINGTON
DEPARTMENT OF INFORMATION SERVICES

Olympia, Washington 98504-2445

November 23, 1999

Mr. David Gorbunoff, Manager
Year 2 Appeals Unit
Schools and Libraries Division
100 S. Jefferson
PO Box 125
Whippany, NJ 07981

Dear Mr. Gorbunoff:

With this letter, the Washington State Department of Information Services (DIS) appeals the decision of the Schools and Libraries Division (SLD) to deny our applications for e-rate funds for the state's K-20 Educational Telecommunications Network.

On November 3, DIS received a Funding Commitment Decision letter dated October 26, 1999, stating that the SLD had denied all four of our requests (Funding Request Numbers 0000275002, 000275003, 0000275008, and 0000275013). These requests were submitted in a single application on April 5, 1999, on Form 471 Application Number 147099. Our Billed Identity Number is 146724.

We believe that the decisions to deny funding were based on incorrect information, even though the correct information was available to the SLD. For each of the denials, the Funding Decision letter states in part, "A significant portion of this FRN is a request for ineligible entities (grades 13 to 20)..." In fact, the final application as amended does not include funding requests for ineligible entities.

DIS amended its application twice following initial submission on April 5. Both times, DIS relied on and complied with the instructions for amending a previously filed Form 471 as stated on page 8 of *FCC Form 471 Instructions - December 1998*. As required by these instructions, a representative of the fund administrator authorized each of the proposed amendments, which were then submitted in accordance with the directions that the representative provided to us.

The first amendment was submitted on July 17, 1999, and is included with this letter as Attachment A. This amendment corrected two transposed numbers. The fund administrator accurately processed this amendment since the correction is reflected in the Form 471 Receipt Acknowledgement Letter dated August 11, 1999. This letter is included as Attachment B.

The second amendment was submitted on August 18, 1999, after full discussion with an authorized representative of the fund administrator. This amendment was not, however, processed accurately since the corrected information is not reflected in the Funding Commitment

Mr. David Gorbunoff
Page 2
November 23, 1999

Report in the Funding Decision Letter. Thus, it is apparent to us that the SLD denied our funding requests because it relied on the uncorrected information instead of on the corrected information.

The second amendment is included as Attachment C and the Funding Decision Letter as Attachment D. A detailed chronology of events described above is presented in Attachment E.

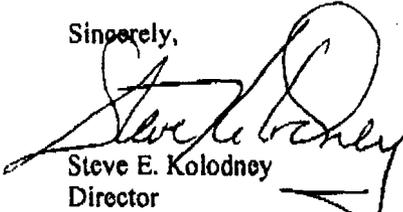
We know that only K-12 schools and libraries are eligible for the e-rate program. As you review your records and the documents included with this letter, please be assured that both amendments were necessitated by simple clerical errors that occurred when transferring entries from a complex spreadsheet to Form 471. For the second amendment, the column that was incorrectly transferred to Form 471 did include higher education costs in addition to those for K-12 schools. We have acknowledged in Form 470 filings (see Attachment F) that Washington State's educational network serves our entire educational establishment and that some of these institutions are not eligible for e-rate funding. There was no intent to receive reimbursements for ineligible entities as can be seen from actual reimbursements that were received from our applications last year.

If, for some reason, the amendments to our e-rate applications are not formally accepted, SLD still has the authority to fund Washington State schools at the appropriate level. According to FCC program rules, SLD can determine that adjustments to the application are appropriate and fund the application accordingly. Thus, after being informed of the clerical error and requesting and receiving the correct numbers, SLD could grant funding at the proper level, even though the application form continues to show the uncorrected costs.

We believe that it is in the spirit of the e-rate program for the SLD to make every effort to find applicants in compliance with program rules, since children are the program's beneficiaries. In Washington State, DIS applies for e-rate funding on behalf of all public K-12 schools. This funding is of great importance to schools and their communities. E-rate funds are used to build a unified network that brings, to our nearly one million K-12 students, the educational opportunities envisioned by Congress when it created the e-rate program. It is inconceivable that Congress intended that children of Washington State be punished because of a clerical error.

We trust that your review of the facts in this case will result in the approval of our funding requests as amended in August 1999. If you have any questions or would like additional information or supporting materials, please contact me at (360) 902-3500 or Erika Lim, DIS Senior Policy Advisor, at (360) 902-2981, fax (360) 902-2982 (erikal@dis.wa.gov).

Sincerely,



Steve E. Kolodney
Director

Attachments

EXHIBIT 1-A



A

STATE OF WASHINGTON
DEPARTMENT OF INFORMATION SERVICES
Olympia, Washington 98504-2445

July 27, 1999

Ms. Jon Cruver
Schools and Libraries Division
VIA FAX (888) 276-8736

Dear Jon,

Here is the missing information from item # 17 on our Form 471 for Program Year 2:

List of Services Provided

Vendor: Sprint
SPIN: 143005695
Contract Number: K97-PTS-101
Services: OC3 Circuits

Vendor: AT&T
SPIN: 143001192
Contract Number: K97-PTS-201
Services: DS3 Circuits

Vendor: US West
SPIN: 143005231
Contract Number: K97-PTS-103
Services: OC3, OC12, OC24, OC48, DS3 Circuits

Vendor: US West
SPIN: 143005231
Contract Number: K97-STS-201
Services: DS1, DS3, OC3, OC12 Circuits

Also, as I mentioned on the phone, we accidentally transposed the estimated annual prediscount cost for two of our providers, AT&T and Sprint. The combined total prediscount cost for all of our providers remains unchanged. I have attached a corrected

Ms. Jon Cruver
July 27, 1999
Page 2

page 3 for our Form 471 for Program Year 2.

Thank you for your help with these matters. If you have any questions, please contact me at (360) 902-2981 or via email at erikal@dis.wa.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Erika Lim", followed by a long horizontal line extending to the right.

Erika Lim
Senior Policy Advisor

att

corrected 12/1/99

Block 5: Services Ordered

15. "Shared" services: All EXCEPT site-specific, internal connections and dedicated ("private line") connections from only one school or library to an ISP or other end-user.

(1) SLC Service Provider Number or Full Legal Name of Service Provider	(2) Universal Service Control Number for Form 470 on which this is based	CONTRACT			(6) Services or Products	(7) Service Start Date	Amount		(10) Estimated Total Annual Prediscount Cost	(11) Percentage Discount (from Item 14)
		(3) Contract Number (if applicable)	(4) Award Date	(5) Expir- ation Date			(8) Estimated One Time Pre- discount Cost	(9) Estimated Monthly Pre- discount Cost		
143005695 - Sprint	708630000234 717	K97-PTS-101	01/22/97	01/22/02	Telecommunication Services	01/01/98	30,000	182,838 45,281	2,315,250 542,375	57 %
					Internet Access					
					Internal Connections (Shared)					
143001192- ATT	708630000234 717	K97-PTS-201	04/28/97	04/28/02	Telecommunication Services	01/01/98	30,000	45,281 192,938	542,375 2,315,250	57 %
					Internet Access					
					Internal Connections (Shared)					
143005231 - US WEST	708630000234 717	K97-PTS-103	01/22/97	01/22/02	Telecommunication Services	01/01/98	30,000	38,063	456,750	57 %
					Internet Access					
					Internal Connections (Shared)					

05/10/00 12:56 DIS PLANNING & POLICY 006

EXHIBIT 1-B

USAC
UNIVERSAL SERVICE
ADMINISTRATIVE CO.

SCHOOLS AND LIBRARIES DIVISION

Box 126 - Correspondence Unit
100 South Jefferson Road
Whippany, NJ 07991

Washington State Department of
ERIKA LIM
100 JEFFERSON ST NE
OLYMPIA WA 98501-1122

8

August 11, 1999

FCC Form 471 RECEIPT ACKNOWLEDGMENT LETTER TO APPLICANT
Re: Form 471 Application Number 147099
Funding Year 07/01/1999 - 06/30/2000
Billed Entity Number 146724

NOTICE: This notification is an acknowledgment of RECEIPT and SUCCESSFUL DATA ENTRY of your Form 471 application reflecting \$9,584,375.00 in total annual pre-discount costs for services. This letter does NOT contain any decisions concerning your requests for discounts. Please keep this letter for your records. The Form 471 application number cited above is critical for you to link your application to future Schools and Libraries Division (SLD) communications.

Please be advised that your Form 471, Services Ordered and Certification Form, was officially received by the SLD on 04/06/1999 and successfully entered into our data system. SLD's Program Integrity Assurance (PIA) Team will now review your application for compliance with program rules. Once the review of your application has been completed, you will receive a separate Funding Commitment Decisions Letter which informs you of the disposition of your application. Until you receive a Funding Commitment Decisions Letter from the SLD, you cannot assume that you will receive the discounts for which you are applying.

In addition, we have received the Certifications for the Forms 470 cited in your Form 471, as well as the Certification for the Form 471 and the other required documentation. We have inputted these Certifications to our processing system.

Your application will be considered within the application filing window wherein all applications which pass the Minimum Processing Standards are treated as though they were received on the same day.

Explanation of Line Item Information

All line items listed in Items 15 and 16 of the Form 471 application number cited above at the top of this letter (under the date of this letter) which passed Minimum Processing Standards and which could be entered into our data system are shown below. There are four important components of information shown for each line item:

FRN: The FRN is the Funding Request Number that the SLD assigned to each separate row of Item 15/16 that is entered into our data system. This number will be cited in relation to the SLD's funding decision contained in the Funding Commitment Decisions Letter. The FRN information will also be shared with service providers so that they can provide discounted bills and invoice the SLD for the approved discount amount.

SPIN: This is the Service Provider Identification Number that you provided. This is a unique identification number assigned to each service provider.

Service Provider Name: This is the legal name in our database that is associated with the Service Provider Identification Number that you provided.

Services Ordered: This is the type of services for which you have requested discounts. The Services Ordered categories are: Telecommunications Services; Internet Access; Internal connections-Shared; Dedicated Services or Internal Connections-Site Specific. The Legend for these categories is as follows:

Telc Svc(S) = Telecommunications Services
 Inet Acc(S) = Internet Access
 Intr Con(S) = Internal Connections (Shared)
 Ded Svc = Dedicated Services
 Intr Con = Internal Connections (Site Specific)

Pre-discount Cost: This is the total annual pre-discount cost for each FRN. This amount is taken from Column 10 of Items 15/16.

Disc.: This is the discount percentage from Block 5, Items 15/16, Column 11.

FRN	SPIN	Service Provider Name	Services Ord.	Pre-Disc. Cost	Disc.
275002	143005695	Sprint Communications Co	Telc Svc(s)	\$ 542,375.00	57%
275003	143001192	AT&T Corp.	Telc Svc(s)	\$ 2,315,250.00	57%
275008	143005231	U S WEST	Telc Svc(s)	\$ 456,750.00	57%
275013	143005231	U S WEST	Telc Svc(s)	\$ 6,270,000.00	57%
Application Total:				\$ 9,584,375.00	

Missing FRNs

If a Line Item that you completed in your application is not included in the itemized list of FRNs set forth above, this is because the FRN (line item) did not pass Minimum Processing Standards. If this is the case, you will receive a separate letter from the SLD informing you that these FRNs have been rejected, with an explanation of the reason for rejection. If you believe that there were FRNs included in your application which are not listed in this letter AND you have not received a letter informing you that those FRNs are rejected, please write to us at the address listed at the bottom of this letter concerning "Questions about this Letter". Please note that the Client Service Bureau may not have the information necessary to respond to your inquiry; therefore, your letter should be sent to the New Jersey address featured below.

FRN Information that Varies from your Application

If the information reported in this letter is at variance with the information that you provided in your application, please write to us at the address listed at the bottom of this letter under "Questions about this Letter".

Future Contacts with PIA

It may be important for us to contact you as our PIA (Program Integrity Assurance) Team reviews the funding requests contained in your application. Our requests for clarification and/or additional information will require a prompt response, and the due date for such responses will be established at the time that the PIA Team may contact you. Please make sure that the contact person on your application is available to speak with the PIA Team, or that a surrogate is available. In addition, you should monitor on a daily basis the fax and e-mail locations that you may have cited in your Form 471 application for the applicant and the contact person for the applicant.

Communications with your Service Providers

The SLD is also sharing Funding Request information with service providers whose SPINs are listed on Form 471 applications. This information is provided so that service providers can undertake the preparatory steps of identifying their potential customers for whom discounts may be issued. NO DISCOUNTS will be provided until after the SLD issues the Funding Commitment Decisions Letters for a particular application, and the applicant submits a Form 486 to confirm that services have begun to be delivered, and that technology plans, if applicable, have been approved.

The SLD encourages Form 471 applicants to contact their service providers to inform the service providers of the funding requests submitted to the SLD. Service providers may request additional information containing the specific services contained within each funding request. Applicants are encouraged to share this information with service providers in order for the service providers to begin the preparatory billing steps.

Correction Information from this Letter

If we (or you) have made errors in Form 471 data entry, or if your Block 1 infor-

changed, the Receipt Acknowledgment Letter offers you the opportunity
corrections. Please note: SLD will accept your corrections but not changes
actual application unless the effect is to reduce the size of your request
ending not needed due to Year One commitment). Please photocopy this
mark the necessary corrections on the photocopy, and send it to "Data
Corrections/SLD, Box 300-Correspondence Unit, 100 South Jefferson Road,
Any, NJ 07981" WITHIN TWO WEEKS OF RECEIVING THIS LETTER. For more infor-
on, see the SLD Web Site, www.sl.universalservice.org.

EXHIBIT 1-C

C



Date August 18, 1999

FAX

Number of pages including cover sheet 8

TO: Romney Biddulph
OF: NECA

Phone
Fax Phone (973) 884-8378

FROM: Erika Lim
 Senior Policy Advisor
 Department of Information Services
 P.O. Box 42445
 Olympia, WA 98504
Phone (360) 902-2981
Fax (360) 902-2982

REMARKS: Urgent For your review Reply ASAP Please Comment

MESSAGE CONFIRMATION

DATE:08/18/99 TIME:12:51

ID:DIS PLANNING & P

DATE	TIME	TX-TIME	DISTANT STATION ID	MODE	PAGES	RESULT
08/18	12:48	03'19"		G3-S	000	OK



STATE OF WASHINGTON
DEPARTMENT OF INFORMATION SERVICES
Olympia, Washington 98504-2445

August 18, 1999

Mr. Romney Biddulph
NECA, 2d Floor Conference Room
100 S. Jefferson Road
Whippany NJ 07981

Dear Mr. Biddulph,

This letter and its attachments are a follow-up to yesterday's phone conversation in which we discussed the questions you had regarding our Form 471 submission.

As we mentioned on the phone, we reviewed our Form 471 and associated documents in anticipation of our phone conversation with you. During that process, we discovered an error in the calculations of the values entered in columns 9 and 10 of Block 5, item 15 "Shared Services." Since Washington's K-20 Educational Telecommunications Network serves all of the state's public education sectors (baccalaureate institutions, community and technical colleges, and K-12 schools), we should have multiplied the pre-discount amounts in columns 9 and 10 by .527 to determine the costs attributable to the K-12 portion of the network. As a result, our total annual pre-discount cost was overstated by \$4.5 million. Enclosed is a corrected version of Block 5 of our Form 471.

Also enclosed are an additional four pages of text and diagrams that provide the information you requested.

We enjoyed discussing Washington's K-20 Network with you and appreciate the opportunity to provide this updated information. Please give me a call at (360) 902-2981 if you have additional questions.

Very Truly Yours,

A handwritten signature in black ink, appearing to read "Erika", followed by a horizontal line.

Erika Lim
Senior Policy Advisor

encl

Contact Person's Name Erika Lim and Phone Number: 360-902-2979

corrected 7/27/99
revision 2 8/17/99

Block 5: Services Ordered

15. "Shared" services: All EXCEPT site-specific, internal connections and dedicated ("private line") connections from only one school or library to an ISP or other end-user.

(1)	(2)	CONTRACT			(6)	(7)	Amount		(10)	(11)
S.L.C. Service Provider Number or Full Legal Name of Service Provider	Universal Service Control Number for Form 470 on which this is based	(3) Contract Number (if applicable)	(4) Award Date	(5) Expiration Date	Services or Products	Service Start Date	(8) Estimated One Time Pre-discount Cost	(9) Estimated Monthly Pre-discount Cost	Estimated Total Annual Prediscout Cost	Percentage Discount (from Item 14)
143005695 - Sprint	708630000234 717	K97-PTS-101	01/22/97	01/22/02	Telecommunication Services	01/01/98	30,000	182,828 45,281	2,215,250 542,375	57 %
					Internet Access			23,863	286,359	
					Internal Connections (Shared)					
143001192 - ATT	708630000234 717	K97-PTS-201	04/28/97	04/28/02	Telecommunication Services	01/01/98	30,000	45,281 1,921,938	542,375 2,315,250	57 %
					Internet Access			101,678	1,220,137	
					Internal Connections (Shared)					
143005231 - JS-WEST	708630000234 717	K97-PTS-103	01/22/97	01/22/02	Telecommunication Services	01/01/98	30,000	36,063	456,750	57 %
					Internet Access			20,059	240,707	
					Internal Connections (Shared)					

05/10/00 12:59 DIS PLANNING & POLICY 013

Applicant Name: Erika Lim

and Phone Number: 360-902-2979

revision 2 8/17/99

Block 5: Services Ordered

"Shared" services: All EXCEPT site-specific, internal connections and dedicated ("private line") connections from only one school or library to an ISP or other end user

(1)	(2)	CONTRACT			(6)	(7)	Amount		(10)	(11)
SLC Service Provider Number or Full Legal Name of Service Provider	Universal Service Control Number for Form 470 on which this is based	(3) Contract Number (if applicable)	(4) Award Date	(5) Expiration Date	Services or Products	Service Start Date	(8) Estimated One Time Pre-discount Cost	(9) Estimated Monthly Pre-discount Cost	Estimated Total Annual Prediscount Cost	Percentage Discount (from Item 11)
3005231- WEST	708630000234 717	K97-STS-201	02/06/97	02/06/02	Telecommunication Services	01/01/98	65,000	522,500	6,270,000	57%
					Internet Access			275,358	3,304,290	
					Internal Connections (Shared)					
					Telecommunication Services					
					Internet Access					
					Internal Connections (Shared)					
					Telecommunication Services					
					Internet Access					
					Internal Connections (Shared)					

05/10/00

12:59

DIS PLANNING & POLICY

014

EXHIBIT 1-D

USAC
 UNIVERSAL SERVICE
 ADMINISTRATIVE CO.

SCHOOLS AND LIBRARIES DIVISION

Box 125 - Correspondence Unit
 100 South Jefferson Road
 Whippany, NJ 07981

RECEIVED
 NOV 03 1999

Washington State Department of Department of Individual Services
 ERIKA LIM
 100 JEFFERSON ST NE
 OLYMPIA WA 98501-1122
 Office of the Director

October 26, 1999

Re: Form 471 Application Number: 147099
 Funding Year: 07/01/1999 - 06/30/2000
 Billed Entity Number: 146724

Thank you for your 1999-2000 E-rate application and for any assistance you provided throughout our review. We have completed processing of your Form 471. This letter is to advise you of our decisions.

FUNDING COMMITMENT REPORT

From your Form 471, we reviewed row-by-row discount requests in Items 15 and 16. We assigned each row a Funding Request Number (FRN). On the pages following this letter, we have provided a Funding Commitment Report for each FRN in your application.

Attached to this letter you will find a guide that defines each line of the Funding Commitment Report and a complete list of FRNs from your application. The SLD is also sending this information to your service provider(s) so arrangements can be made to begin implementing your E-rate discount(s). We would encourage you to contact your service providers to let them know your plans regarding these services.

FOR QUESTIONS

If you have questions regarding our decisions on your E-rate application, please notify us in writing. Your questions should be sent to: Questions, Schools and Libraries Division, Universal Service Administrative Company, Box 125 - Correspondence Unit, 100 South Jefferson Road, Whippany, NJ 07981.

FOR APPEALS

If you wish to appeal to the SLD, your appeal must be made in writing and received by us within 30 days of issuance of this letter as indicated by its postmark. In your letter of appeal, please include: correct contact information for the appellant, information on the Funding Commitment Decision you are appealing and the specific Funding Request Number in question, and an original authorized signature. Appeals sent by fax, e-mail or phone call cannot be processed. Please mail your appeal to: Letter of Appeal, Schools and Libraries Division, Box 125 - Correspondence Unit, 100 South Jefferson Road, Whippany, NJ 07981. You may also call our Client Service Bureau at 888-203-8100. While we encourage you to resolve your appeal with the SLD first, you have the option of filing an appeal directly with the Federal Communications Commission (FCC): FCC, Office of the Secretary, 445 12th Street SW, Room TW-A 325, Washington, D.C. 20554.

NEXT STEPS

Once you have reviewed this letter and have determined that some or all of your requests have been funded, your next step is to complete and submit the enclosed FCC Form 486. This Form notifies the SLD that you are currently receiving or have begun receiving services approved for discounts and provides certified indication that your technology plan(s) has been approved. As you complete your Form 486, you should also contact your service provider to verify they have received notice from the SLD of your commitments. After the SLD processes your Form 486, we can begin processing invoices from your service provider(s) so they can be reimbursed for discounted services they have provided you. For further detailed information on next steps, please review all enclosures.

NOTICE ON RULES AND FUNDS AVAILABILITY

Applicants' receipt of funding commitments is contingent on their compliance with all statutory, regulatory, and procedural requirements of the universal service mechanisms for schools and libraries. FCC Form 471 Applicants who have received funding commitments continue to be subject to audits and other reviews that SLD or the Commission may undertake periodically to assure that funds have been committed and are being used in accordance with all such requirements. If the SLD subsequently determines that its commitment was erroneously issued due to action or inaction, including but not limited to that by SLD, the Applicant, or service provider, and that the action or inaction was not in accordance with such requirements, SLD may be required to cancel these funding commitments and seek repayment of any funds disbursed not in accordance with such requirements. The SLD, and other appropriate authorities (including but not limited to USAC and the FCC) may pursue enforcement actions and other means of recourse to collect erroneously disbursed funds.

The timing of payment of invoices may also be affected by the availability of funds based on the amount of funds collected from contributing telecommunications companies.

We look forward to continuing our work with you on connecting our schools and libraries together through communications technology.

Sincerely,
Kate L. Moore
President, Schools and Libraries Division, USAC

Enclosures

EXPLANATION OF A FUNDING COMMITMENT REPORT

Attached to this letter will be a report for each approved E-rate funding request from your application. We are providing the following definitions.

- * **FUNDING REQUEST NUMBER (FRN):** A Funding Request Number is assigned by the SLD to each line completed in Items 15 and 16 of your Form 471 once an application has been processed. This number is used to report to applicants and vendors the status of individual discount requests submitted on a Form 471. Applicants and vendors learned about FRNs when they received their Receipt Acknowledgement Letter and must use these numbers when completing the Form 486 and Invoices. An FRN will never be longer than 10 digits. If a FRN is shorter than 10 digits, applicants are advised to add zeroes to the front of the numbers to reach 10 digits when filing post-commitment forms.
- * **FUNDING STATUS:** Each FRN will have one of six definitions: "Funded", "Denied", "Partially Funded", "Funds Exhausted", "Unfunded", or "As Yet Unfunded". An FRN that is "Funded" will be approved at the level that SLD determined is appropriate for that item. That will generally be the level requested by you unless the SLD determines during the application review process that some adjustment is appropriate, for example, a different discount percentage for that FRN than the Form 471 featured. A "Denied" FRN is one for which no funds will be committed, and the reason for that decision will be briefly explained in the "Funding Commitment Decision", and amplification of that explanation may be offered in the section, "Funding Commitment Decision Explanation". In accordance with FCC program rules, FRNs are "Partially Funded" or "Unfunded", if the total amount of funds in the Universal Service Fund is insufficient to fully fund or fund all approved requests. If the Form 471 was received after all the funds in the Universal Service Fund were allocated and it was processed, the status will indicate "Unfunded - Funds Exhausted". "As Yet Unfunded" is a temporary status that would be assigned to an FRN when the SLD is uncertain at the time the letter is generated whether there will be sufficient funds to make commitments for a particular service type at a particular discount level. For example, if your application included both telecommunications services and internal connections, you might receive a letter with our funding commitment for your telecommunications requests and a message that your internal connections requests are "As Yet Unfunded". You would then receive a later letter regarding our funding decision on your internal connections requests.
- * **SPIN (Service Provider Identification Number):** A unique number assigned by the Universal Service Administrative Company to vendors seeking payment from the Universal Service Fund for participating in the universal service support programs. A SPIN contains 9 digits and should be included by applicants on their completed Form 471 applications. A SPIN is also used to verify delivery of services and to arrange for payment.
- * **SERVICE PROVIDER NAME:** The legal name of the service provider.
- * **PROVIDER CONTRACT NUMBER:** The number of the contract between the eligible party and the service provider. This will be present only if a contract number was provided on Form 471.
- * **SERVICES ORDERED:** The type of service ordered from the service provider, as shown on Form 471.
- * **EARLIEST POSSIBLE EFFECTIVE DATE OF DISCOUNT:** The first possible date of service for which the SLD will reimburse service providers for the discounts for the service. Note: If the actual service start date provided on a Form 486 is later than this date, the actual service start date set forth in the Form 486 will be the effective date of the discount.
- * **CONTRACT EXPIRATION DATE:** The date the contract expires. This will be present

only if a contract expiration date was provided on Form 471. This is not applicable for tariff services.

- * **SITE IDENTIFIER:** This will appear only for FRNs listed in Item 16 of your Form 471. For public schools, the 12-digit NCES code you listed in Item 14 for this school site will appear here. If there is no NCES Code for an FRN in Item 16, the SLD-assigned entity number will appear here.
- * **PRE-DISCOUNT COST:** Amount in Column 10 of Item 15/16, Form 471, as determined through the application review process. Please note that, during the Problem Resolution process at SLD, the amount in Col. 10 of Item 15/16 may have been corrected to conform to the information provided about Service Start Date and

Monthly Costs.

- * **DISCOUNT PERCENTAGE APPROVED BY THE SLD:** This is the discount rate that the SLD has approved for this service.
- * **FUNDING COMMITMENT DECISION:** This represents the total amount of funding that the SLD is now reserving to reimburse service providers for the discounts for this service through June 30, 2000. This figure may be different from the Estimated Total Annual Pre-Discount Cost (Col. 10 of Item 15/16) times the Percentage Discount (Col. 11 of Item 15/16) in the 471 application. It may be lower because of an adjustment determined appropriate by the SLD, such as of the discount percentage, or a denial of discounts and, if so, the accompanying comment will explain this difference. The difference may also reflect a reduction from the request level made necessary by overall funding limitations, in which case the "Funding Status" above will indicate "Partially Funded" or "Unfunded". Whatever amount is listed here, it is important that you and the service provider both recognize that the SLD should be invoiced and the SLD may direct disbursement of discounts on only eligible, approved services actually rendered.
- * **FUNDING COMMITMENT DECISION EXPLANATION:** This entry may appear to amplify the comment in the "Funding Commitment Decision", if the discount request for this service is denied for reasons other than "Unfunded" or if the SLD determined that some adjustment to the request level was appropriate.