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Funding Status – FY 2016 and FY 2017

FY 2016:

Wave 47, originally scheduled for Thursday, May 18th, was not released last week. We suspect that the delay is related to continuing EPC system problems preventing the processing and/or FCDL issuance for certain pending applications. According to last Friday's USAC News Brief (referenced below), Wave 47 will be issued "soon."

FY 2017:

USAC provided the FCC with the following preliminary demand estimate for the next funding year (see cover letter and preliminary demand table):

Category 1	$2.296 billion
Category 2	$0.904
Total Demand	$3.200 billion

USAC's preliminary demand table is broken down by discount bands. Remember, as reflected in the table:

1. The phase-out of discounts for voice services is 60% for FY 2017, so the maximum discount for voice is 30%; and
2. Under the E-Rate Modernization Orders, the maximum discount for Category 2 is 85%.

The final demand level for FY 2017 may be somewhat higher or lower than the preliminary demand figure. Several factors come into play, including:

1. Final demand is typically reduced by requests subsequently canceled by applicants or denied during PIA review.
2. USAC's FRN Status Tool, queried the weekend after the close of the application window showed an additional $8 million in demand. This figure did not account for requested

amounts of approximately $16 million associated with 400 FRNs apparently erroneously showing $0 requested on otherwise valid entries.

3. Final demand can be increased to the extent the FCC waives the application window deadline for additional late-filed applications (specifically, as has been the FCC's precedent, for applications filed within two weeks of the original deadline — in this year's instance, by Thursday, May 25th).

The FCC has approved (DA 17-462) USAC's PIA procedures for FY 2017, and PIA application reviews have already begun. Before funding waves begin for FY 2017, the FCC will be reviewing USAC's demand estimates and will be setting a roll-over funding amount. Based on our estimate of roll-over funding, plus current FCC rules for new funding this year, there appears to be approximately $5.3 billion available for FY 2017 — well in excess of the demand for both Category 1 and Category 2. Funding waves for FY 2017 are expected to begin in early June and a number of applications have already been designated "Wave Ready."

Updates on USAC's E-Rate Productivity Center and Legacy System

Non-EPC PIA Review Inquiries for FY 2017:

USAC's most recent News Brief, noting that PIA reviews have started for FY 2017, reviews the basic process for receiving and responding to PIA inquiries through EPC (as was done for FY 2016). Last week, however, some USAC reviewers were apparently experiencing problems in corresponding with applicants through EPC. Instead, the reviewers were sending inquiries as email attachments. The emails we've seen have a subject line reading "FY 2017 APPLICANT NAME – 1710NNNNN," and include the following explanation:

> A system issue is currently preventing correspondence between the applicant and reviewer for this application. As a result, this request for information has been sent to you via an external email server. For this application only 1710NNNNN please provide the information requested in your response to this email, and not through the EPC system. Do not respond to this question through the EPC system, as your response may not reach the reviewer.

Ironically, this presumably temporary EPC limitation makes it easier for applicants to receive and respond to PIA inquiries since they don't have to navigate through EPC. The major downside for applicants and USAC itself is that a record of inquiries and responses may not be maintained in EPC. Applicants should take care to maintain their own PIA review documentation.

Update on Form 500 Reviews for FY 2016:

Last week's News Brief also notes that USAC has begun applicant outreach to review Form 500s for FY 2016. Form 500 review, requiring additional information from applicants, is a new inquiry/response capability within EPC, but is functionally equivalent to PIA application review. It consists of emails to applicants directing them to the inquiries in EPC and likewise requesting responses through EPC. Perhaps because these Form 500 reviews involve FY 2016, not

FY 2017, we have seen no indication that these inquiries are not being handled through EPC (as with the FY 2017 PIA inquiries discussed above).

E-Rate Updates and Reminders

Upcoming 2017 E-Rate Deadlines:

May 30	Form 486 deadline for FY 2016 funding committed in Wave 31. More generally, the Form 486 deadline is 120 days from the FCDL date or the service start date (often July 1st), whichever is later. This means that Form 486 deadlines for funding commitments received in later waves will follow at roughly one week intervals, including the following deadlines:

<div align="center">

Wave 32	06/02/2017
Wave 33	06/09/2017
Wave 34	06/16/2017
Wave 35	06/23/2017

</div>

	Applicants missing these (or earlier) deadlines should watch carefully for "Form 486 Urgent Reminder Letters" (actually emails directing the applicants to EPC News Feed items). The Reminders will afford applicants with 15-day extensions from the date of the emails to submit their Form 486s without penalty.
June 30	Last day to file for a Special Construction Deadline Extension Request and the last day to receive FY 2016 recurring services.
July	Expected month for USAC's annual service provider training sessions in Chicago and Dallas. Dates and registration information should be available shortly.

USAC News Brief Dated May 19 – Service Provider SPACs

USAC's Schools and Libraries News Brief of May 19, 2017, reminds service providers of the yearly requirement to file Form 473, the Service Provider Annual Certification ("SPAC") Form. SPACs must now be filed online using USAC's E-File system. USAC has recently updated the online SPAC to include the FY 2017 option. Although FY 2017 does not begin until July 1st, both service providers and applicants should note that no invoices will be paid for FY 2017 discounts until the associated service providers have filed their FY 2017 SPACs.

USAC's News Brief should also remind applicants beginning to think about filing BEARs for FY 2016 to check that their service providers have properly filed their SPACs for FY 2016. To check on the SPAC status of a particular service provider, use USAC's SPIN and BEAR Contact Search tool. The funding year SPAC history for each service provider is provided in the right-hand column — in some cases, as per the example below, for every funding year since the beginning of the E-rate program. If your service provider has not filed their SPAC, contact them

to find out when they expect it to be filed so you can better gauge when to successfully submit your first BEAR.

Page 1 of 1
Results 1 - 1 of 1

SPIN	Service Provider Name	Doing Business As	Contact Name	Contact Address	Contact Phone	Form 499 Filer	SPAC Filed
1430							1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016

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Additional North Carolina specific E-rate information is available through our Web site — http://www.e-ratecentral.com/us/stateInformation.asp?state=NC. Note that this site provides easy access to formatted North Carolina applicant E-rate histories via the Billed Entity Number ("BEN") search mechanism in the upper left-hand corner. Detailed information can be obtained by "drilling down" using the links for specific funding years and individual FRNs.

For further information, follow E-Rate Central on Twitter, Facebook, and LinkedIn.

If you have received this newsletter from a colleague and you would like to receive your own copy of the North Carolina E-Rate Forum, send an email to join-ncerate@lists.dpi.state.nc.us. Please include your name, organization, telephone, and e-mail address.

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