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## Funding Status – FY 2016 and FY 2017

### *FY 2016:*

Wave 47 for FY 2016 was released last Monday, May 22<sup>nd</sup>, for a total of \$49.8 million. There was no funding for North Carolina. Cumulative national funding through Wave 47 is \$2.67 billion, including \$104 million for North Carolina. Wave 48 is scheduled to be released on Friday, June 2<sup>nd</sup>.

### *FY 2017:*

Based on USAC’s [preliminary demand estimate](#) of \$3.2 billion, the FCC directed USAC to fully fund all valid Category 1 and Category 2 requests for FY 2017. The FCC’s funding order (DA 17-507) notes that the projected demand is well under the inflation-adjusted cap of \$3.99 billion for FY 2017, not to mention an additional \$1.2 billion of unused funds from previous years available for roll-over (see our [newsletter of May 8<sup>th</sup>](#)).

Following the FCC’s funding order, USAC released Wave 1 for FY 2017 on Friday, May 26<sup>th</sup>, for a total of \$48.6 million. The first wave included \$663 thousand for 36 applicants in North Carolina. Wave 2 has not yet been scheduled.

Applicants funded in Wave 1 should note that, as of last weekend, EPC has not yet been configured for the filing of Form 486s for FY 2017. We expect that FY 2017 Form 486 capability will be provided shortly.

## The “Transport Only” Gotcha

The [Second E-rate Modernization Order](#), and USAC guidance throughout 2016 and early 2017, made it clear that “self-provisioned” fiber networks, while eligible for FY 2017, must be fully

justified. An applicant applying for self-provisioned fiber must, at a minimum, also have bid for lit fiber, and must have documented the cost-effectiveness of the purchase option.

In March, by which time many applicants exploring new fiber systems were into their procurement cycles, USAC issued new guidance. USAC's [News Brief of March 3<sup>rd</sup>](#) introduced — later explained as a “clarification” — two new requirements for those seeking self-provisioned fiber networks. Specifically, the News Brief indicated that such applicants must:

1. Also seek bids for “Service Provided Over Third-Party Networks (including, but not limited to, leased lit fiber).”
2. At a minimum, include “Transport Only – No ISP Service” as a service type option in their Form 470s.

The News Brief further explained that use of the “Transport Only – No ISP Service” designation was a “technology-neutral way” of seeking support for fiber or non-fiber bandwidth. As a practical matter, this meant that applicants must be open to considering bids for wireless networks with more limited bandwidth and less reliability.

Shortly after this new guidance was announced, USAC reached out informally to certain applicants, which had already filed Form 470s and RFPs for self-provisioned fiber without referencing “Transport Only,” strongly suggesting that they file new Form 470s and restart their competitive bidding procedures — or that they request an FCC waiver. Rebidding was clearly problematic for applicants with extended procurement processes, particularly those who had already selected vendors and signed contracts. Not surprisingly, many affected applicants choose not to refile.

The first definitive sign of trouble arose earlier this month when Richland County School District One was advised by the FCC that their Form 470 did not comply with the program rules, “as clarified.” Funds For Learning (“FFL”) quickly filed an [FCC waiver](#) on Richland’s behalf. . The waiver requested relief from the “requirement” that applicants post for “Transport Only – No ISP Service” on their Form 470. Last week, the State E-Rate Coordinators’ Alliance (“SECA”) jumped into the fray with [comments](#) supporting the FFL waiver.

The FFL waiver, while decrying the lateness of the Form 470 guidance, also argued that the FCC’s concept of technical neutrality, requiring applicants to consider non-fiber alternatives, was fundamentally flawed. While noting that the E-rate rules do require the FCC to be technically neutral with regard to eligible services as a whole, the rules have always permitted individual applicants to select the technology best suited for their needs. In other words, the Eligible Services List must be technically neutral, but applicant needs can and should be technically specific. Hopefully, the FCC will reexamine USAC’s “clarified” guidance.

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

### *EPC Entity Profile Updates:*

Entity profile data within EPC, which USAC had locked during the application window, was unlocked last Monday. Applicants can now update student and eligibility data, add annexes, or otherwise modify existing profiles.

It is important to note that updates to entity profiles do not flow through to any FY 2017 applications. RAL corrections must be used to change any entity data in a pending application.

### *Form 500 Requests for Special Construction Extensions:*

The final paragraph of USAC's [May 19<sup>th</sup> News Brief](#), which many may have missed, included an announcement that an applicant wishing to request a one-year extension of the June 30, 2017, deadline for lighting fiber systems can do so by filing a Form 500. This announcement is a return to USAC's initial advice for filing a Special Construction Deadline Extension Request ("SCDER"). Previously:

- USAC's early guidance, issued late last year in its [December 2<sup>nd</sup> News Brief](#), was to file a Form 500, either on paper or, as it became available, through EPC.
- In last month's [April 21<sup>st</sup> News Brief](#), USAC gave detailed instructions directing applicants to download and complete SCDER worksheets to be submitted as customer service cases. At the time, EPC was accepting Form 500s online, but was not yet ready to process them. The beauty of the non-Form 500 approach is that USAC could manually — and more quickly — review and approve SCDERs. As discussed in our newsletter of May 15<sup>th</sup>, we had already begun to see SCDER approvals. With the non-extended 2017 deadline fast approaching, approval speed is important for fiber installation planning.

Now USAC is back to advising applicants to file with Form 500s via EPC. What is not clear is whether applicants can file Form 500s for these extensions, or must file Form 500s. Although USAC can now process Form 500s (as well as SPIN changes and service substitution requests) through EPC, there is a backlog in processing these requests, and USAC is apparently processing them on a first-in, first-out ("FIFO") basis. This would likely delay SCDER approvals.

Given the rapidly approaching fiber lighting deadline of June 30<sup>th</sup>, our advice to applicants seeking a quick turnaround on special construction extensions is to consider filing requests both ways, i.e. with Form 500s (adding detailed notes to justify the extensions) and via customer service cases (including completed [Special Construction Deadline Extension Request worksheets](#)). Note: USAC may reject the request made via the customer service case and request that the submission be made utilizing the Form 500 in EPC.

### *New Service Provider Download Tool:*

As discussed in USAC's latest News Brief (referenced below), USAC has developed a new [Service Provider Download Tool](#). The new tool is an alternative to USAC's [Search for SPIN](#)

[Information](#) tool (still available). The enhanced SPIN tool provides additional service provider information and search capabilities with the ability to download information in spreadsheet form on one or more SPINs.

## E-Rate Updates and Reminders

### *Upcoming 2017 E-Rate Deadlines:*

June 2 Form 486 deadline for FY 2016 funding committed in Wave 32. More generally, the Form 486 deadline is 120 days from the FCDL date or the service start date (often July 1<sup>st</sup>), 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:

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

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 26 – Multiple Topics

[USAC’s Schools and Libraries News Brief of May 26, 2017](#), discusses a number of topics including:

1. The unlocking of EPC entity profiles (discussed above).
2. USAC messages to applicants filing out-of-window (i.e., late) Form 471s for FY 2017.
3. The new Service Provider Download Tool (discussed above).
4. The June-August summer webinar schedule covering:
  - a. The Form 486 and CIPA.
  - b. The Form 470 for FY 2018 (expected to become available July 1<sup>st</sup>).
  - c. A beginner’s introduction to EPC.

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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.*

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