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## Funding Status – FY 2019

USAC released Wave 5 for FY 2019 on Thursday, May 23<sup>rd</sup>. Funding totaled \$38.9 million including \$652 thousand for 10 North Carolina applicants. Cumulative funding as of Wave 5 is \$755 million including \$18.5 million for North Carolina.

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

### *BEAR Notification Letter Addresses:*

Applicants are noticing that BEAR Notification Letters are being mailed to the applicants’ Form 471 contact who is not necessarily the same person listed as the contact on the applicants’ BEAR forms. This can be a source of confusion for applicants awaiting BEAR Notification Letters to close out their invoicing documentation. However, duplicates of missing BEAR Notification Letters can be easily obtained via email if requested through the Client Service Bureau (“CSB”) at 888-203-8100 or by creating an EPC customer service case.

### *EPC Deployment News:*

Friday’s USAC News Brief, referenced below, outlines three changes recently made to EPC affecting the PIA review process including:

1. Applicants undergoing PIA inquiries are first given 15 days to respond. Previously, applicants not responding within 7 days have been sent a reminder. Non-responders will now receive reminders after 7, 12, and 15 days.
2. The subject lines of reminder emails now contain the associated Form 471 numbers and Billed Entity Numbers.
3. Applicants now have an ability to forward PIA and post-commitment review questions to all appropriate users — applicants, service providers, and consultants.

## E-Rate Updates and Reminders

### *Upcoming E-Rate Dates:*

May 27	Form 486 deadline for FY 2018 funding committed in Wave 42. More generally, the Form 486 deadline is 120 days from the FCDL date or the service start date (typically July 1 <sup>st</sup> ), whichever is later. Other upcoming Form 486 deadlines are:
	Wave 43                      05/31/2019
	Wave 44                      06/07/2019
	Wave 45                      06/17/2019

Note: Applicants missing any Form 486 deadline should watch carefully for “Form 486 Urgent Reminder Letters” in their EPC News Feed. These Reminder Letters afford applicants 15-day extensions to submit their Form 486s without penalty.

August 5-9                      USAC is holding two [service provider training](#) sessions in Washington DC, one at the beginning of the week (August 5-6) and one at the end of the week (August 8-9). Each two-day session will begin with a half-day presentation for beginners and will include a second full day for everyone.

USAC’s training announcement also indicates:

- Service provider training on other USF programs will be held in Washington DC on August 7th, the day between the two E-rate sessions.
- Plans for general E-rate applicant training and for special E-rate tribal training will be announced later in 2019.

### *E-Rate Overbuilding Concerns, cont.:*

As last reported in our [newsletter of April 22<sup>nd</sup>](#), there is an ongoing controversy stoked by FCC Commissioner O’Rielly’s concern that E-rate funding is being wastefully used to construct new fiber networks in areas already served by fiber funded via other Universal Service Fund (“USF”) programs. Commissioner O’Rielly’s position was restated on May 15<sup>th</sup> in [testimony](#) before the Congressional Subcommittee on Communications and Technology. Most specifically, Commissioner O’Rielly indicated that “new E-rate-subsidized fiber networks were overbuilding local USF-funded Texas broadband providers and stealing their anchor customers.”

Last week, three of those providers, small Texas independent telephone companies, filed a [Petition for Rulemaking](#) asking the FCC to initiate a proceeding to amend the E-rate rules “to include safeguards which would discourage overbuilding of existing federally supported fiber networks.” The small carriers were particularly concerned with the issuance of RFPs by “region-based consortia groups” for requirements that could only be met by larger carriers. The Petition proposed that new special construction projects be subjected to a 60-day public challenge process in which existing fiber providers can demonstrate available service at “reasonable market-based prices.”

Initial indications are that USAC, when challenged, has begun asking a series of overbuilding questions — sometimes a bit apologetically — on both pending and approved applications for new fiber systems. One example of a recent inquiry is as follows:

Statements made to USAC indicate that [applicant and BEN] is seeking funding to lay new fiber to schools already served with existing fiber which could result in potential overbuilding. We are sure you understand that USAC, as the Program Administrator, is obligated to address this concern.

How do you respond to these statements? Please provide documentation to support your response.

An applicant encountering such questions would do well to focus on the two critical aspects of the current E-rate rules highlighted in [USAC's April 1<sup>st</sup> response](#) to Commissioner O'Rielly's inquiry last March, namely requirements to demonstrate that:

1. The proposed new fiber construction is the most cost-effective solution; and
2. The bidder was selected based on a fair and open competitive bid process.

For the moment, Michael O'Rielly is the only Commissioner taking a public stand regarding overbuilding, but his position has at least sharpened the USAC review focus on applications for new fiber builds. We continue to believe that applicants considering long-term leases and self-provisioned fiber networks must spend the necessary time and resources to properly bid and evaluate their options.

#### *FCC Decision Watch:*

To deal more quickly with the flood of Requests for Waiver on late-filed applications for FY 2019, the FCC issued a mid-month set of “streamlined” decisions ([DA 19-420](#)) on May 20<sup>th</sup>. Adhering closely to precedent, the FCC granted waivers to 185 applicants who had filed one or more applications within 14 days of the close of the window and denied waiver requests for 36 applicants who had filed their applications beyond this grace period. The original appeal and waiver requests can be found online in the FCC's [Search for Filings](#) under Docket 02-6.

#### **USAC News Brief Dated May 24 – Service Provider SPAC Forms for FY 2019**

[USAC's Schools and Libraries News Brief of May 24, 2019](#), reminds service providers to file their Form 473, Service Provider Annual Certification (“SPAC”) for FY 2019. A current funding year SPAC is required before USAC will pay any invoices — SPIs or BEARs — associated with that service provider for that funding year.

With many BEARs about to be filed for FY 2018, we also remind service providers (and their applicants) to confirm that their SPACs for FY 2018 have been filed. SPAC filings for any given funding year can be confirmed by checking the righthand column on USAC's [SPIN Search Tool](#). For a service provider in the program from the beginning, here's how the SPACs will show:

SPIN	Service Provider Name	Doing Business As	Contact Name	Contact Address	Contact Phone	Form 499 Filer	SPAC Filed
143							1998 1999 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019

USAC’s latest News Brief also discusses recent EPC changes and 2019 USAC training covered earlier in this newsletter.

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*Newsletter information and disclaimer: This newsletter may contain unofficial information on prospective E-rate developments and/or may reflect E-Rate Central’s own interpretations of E-rate practices and regulations. Such information is provided for planning and guidance purposes only. It is not meant, in any way, to supplant official announcements and instructions provided by the SLD, FCC, or NCDPI.*

*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](mailto:join-ncerate@lists.dpi.state.nc.us). Please include your name, organization, telephone, and e-mail address.*

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