July 20, 2016

Christopher Henderson

Chief Executive Officer
Universal Service Administrative Company
700 12th Street NW, Suite 900,
Washington, DC 20005

Re: WC Docket Nos. 13-184 and 02-6; E-rate Modernization Order; E-rate Productivity Center Design Flaws

Dear Mr. Henderson:

We are writing to convey our companies' continuing difficulties in meeting our E-rate customer expectations as a result of the Schools and Libraries Division's (SLD) new E-rate Productivity Center (EPC). This letter is a follow up to our letter dated April 20, 2016 to Mr. Mel Blackwell, Vice President School and Libraries Division ("April 20th letter"). While USAC released several waves of Funding Decision Commitment Letters (FCDL) to date, approving approximately $77.8 million in E-rate funds, these commitments are of little value to applicants unless service providers can access information regarding their customer's E-rate funding status – information essential to deliver service and provide the discounts USAC has authorized.

In the April 20th letter and in a related meeting that took place on May 4th, 2016 between the undersigned service providers and Universal Service Administrative Company (USAC) staff, service providers shared concerns about the viability of the EPC portal to enable service providers, particularly large ones, to retrieve E-rate related data pertaining to their consumers from the EPC platform in a timely and accurate way. Specifically, we noted that "unless and until USAC corrects design flaws in EPC preventing service providers' timely access to information in the system, our companies will be unable to provide services and accurate discounts to E-rate beneficiaries during Funding Year 2016 (FY2016) in a timely fashion."

***While progress has been made by SLD staff to address some of the identified problems, key barriers remain.***

First, account administrator and user credential problems preventing large service providers from logging into the EPC platform remain unresolved for some service providers. As a result, these service providers have, at best, limited access to the information posted on EPC pertaining to the status of their customer's funding request(s).

Second, changes to electronic files of SLD notification forms prevent service providers from processing E-rate applicant funding information. As our previous letter and discussions noted, large service providers have developed custom systems designed to process the longstanding SLD notifications and files. Unannounced and unplanned changes made by SLD to FY2016 forms and files have rendered these systems unworkable.

In particular, the Recipient Acknowledgement Letter (RAL), the Funding Commitment Decision Letter (FCDL) applicant and service provider notification, and Form 486 Notification of Service Start Date Form, all containing essential information about each applicant's funding status, are not usable due to formatting errors and electronic file changes.

SLD staff has acknowledged that these electronic file changes are taking place and after our May 4th meeting recognize that the changes impede service providers from accessing pertinent information. They also have shared publically that they are working to fix these issues but offered no concrete timeframe nor assurances of when they will be resolved. As stated in our April 20th letter, ***unless and until these issues are resolved, service providers will not be able to provide E-rate discounts to our customers.***

Third, we understand that invoice forms and submittal processes will remain unchanged for FY2016. This decision is welcomed and we request that any changes to the complex E-rate invoicing process that may be contemplated at some point in the future, be notified to stakeholders no less than a year prior to planned implementation and that stakeholders, including service providers, are given ample opportunity to provide feedback and test systems before launch.

Finally, as noted in our meeting on May 4th, detailed invoicing practices at the beneficiary entity or building level would be unworkable for many companies providing service to E-rate applicants today. While we understand the need for some detail in order for USAC to ensure sufficient oversight of the program, we urge USAC to consider the existing complexity of invoicing for E-rate applicants.

E-rate applicants are typically school districts and consortia, in many cases requesting and processing an array of business level services for scores of locations (sometimes hundreds) for any given month. Service providers invoice these clients using existing practices and systems for large, complex business clients. Schools and libraries are a small fraction of the business market purchasing these services and changing the IT invoicing systems in order to comply with detailed E-rate invoicing requests may not be possible or economically feasible. ***If faced with over-stringent invoicing requirements, service providers may have no choice but to exit the E-rate market which would ultimately hurt E-rate customers and the overall sustainability of the program.***

Our companies welcome USAC's efforts to modernize its IT systems and processes; we acknowledge the significant resources that USAC staff has devoted to implementation of the EPC. We also remain committed to working with the SLD staff to troubleshoot these problems and ensure that applicants get the accurate and timely E-rate discounts.

To that end, we again urge USAC to collaborate with the service provider community to achieve the following objectives:

- Immediate resolution of limitations in EPC to Service Provider Identification Number (SPIN) account administrator and user credentials.
- Post publically final and accurate format and schema formats for all FY2016 form notification files.
- Implement systematic internal testing processes prior to release of any new additional data to ensure data integrity of all forms and files.
- Hold all release of additional FCDL Waves until all IT issues are resolved and files and formats have been tested and proven to be readable by both service providers and the applicant community.
- Post issue logs on the USAC website for all applicants and service providers to view publically and without having to peel through news briefs.
- Institute internal USAC protocols requiring notification to and engagement with stakeholders of major planned changes (such as those affecting invoicing processes) at least one year in advance of planned implementation.
- Form a working group comprising SLD staff and service provider representatives tasked with identifying and resolving the technical and process challenges associated with EPC's implementation.

Finally and critically, we request that USAC make a public announcement and actively reach out to every SLD applicant informing of the challenges that service providers are facing due to design flaws of the EPC

system and explaining that, due to such challenges, service providers may be unable to access information pertaining to their E-rate funding status and, therefore, provide timely service discounts to their E-rate customers.

As always, we look forward to working with USAC to ensure the successful deployment of EPC and the current Funding Year 2016.

Sincerely,

**Malena F. Barzilai**
Senior Government Affairs Counsel
Windstream
1101 17th St. NW, Suite 802
Washington, DC 20036

**John B. Benedict**
Vice President Federal Regulatory Affairs & Regulatory Counsel
CenturyLink
1099 New York Av. NW, Suite 250
Washington, DC 20001

**AJ Burton**
Director Federal Regulatory Affairs
Frontier
1800 M St. NW, Suite 800N
Washington, DC 20036

**Raquel Noriega**
Director – Federal Regulatory
AT&T
1120 20th St. NW, Suite 1000
Washington, DC 20036

**Norina Moy**
Director Government Affairs
Sprint
900 7th St. NW, Suite 700
Washington, DC 20001

**Tamara L. Preiss**
Vice President Federal Regulatory Affairs
Verizon
1300 I St. NW, Suite 400-West
Washington, DC 20005

Cc: Matthew DelNero, FCC
Lisa Hone, FCC
Ryan Palmer, FCC
Catriona Ayer, USAC
Michael Kraft, USAC

April 20, 2016

Mel Blackwell
Vice President - Schools & Libraries Division
Universal Service Administrative Company
2000 L Street, NW, Suite 200
Washington, DC 20036

Re: Service Provider Challenges with the E-rate Productivity Center

Dear Mr. Blackwell:

We are writing to convey our companies' serious concerns about the Schools and Libraries Division's (SLD) launch of the E-rate Productivity Center (EPC). In particular, all parties must understand that unless and until USAC corrects design flaws in EPC preventing service providers' timely access to information in the system, our companies will be unable to provide services and accurate discounts to E-rate beneficiaries during Funding Year 2016 (FY2016) in a timely fashion.

As some of the largest service providers in the E-rate program, we have a deeply vested interest in helping to ensure that this vital program functions smoothly, and that our school and library customers receive timely and accurate discounts for SLD approved services.

To that end, our companies have been engaging with SLD staff for some time, both in scheduled meetings and via targeted outreach, to identify and help address EPC concerns preventing service providers from accessing relevant information in EPC. Yet critical issues remain unresolved. The enclosed memorandum summarizes key issues that significantly impair our ability to provide and bill for E-rate services.

Our companies welcome USAC's efforts to modernize its IT systems and processes; we acknowledge the significant resources that USAC staff has devoted to implementation of the EPC; and we are confident that technical issues can be addressed efficiently and cooperatively.

To that end, we urge USAC to collaborate with the service provider community to achieve the following objectives:

- Immediate resolution of limitations in EPC to Service Provider Identification Number (SPIN) account administrator and user credentials.
- Release of information regarding planned changes to any and all service provider and applicant notification processes.
- Retention, to the extent possible, of existing FY2015 processes until the new EPC forms, notifications and processes are fully vetted.
- Formation of a working group comprising SLD staff and service provider representatives tasked with identifying and resolving the technical and process challenges associated with EPC's implementation.

We look forward to working with USAC to ensure the successful deployment of EPC and the current Funding Year 2016.

Sincerely,

**Malena F. Barzilai**
Senior Government Affairs Counsel
Windstream
1101 17th St. NW, Suite 802
Washington, DC 20036

**John B. Benedict**
Vice President Federal Regulatory Affairs &
Regulatory Counsel
CenturyLink
1099 New York Av. NW, Suite 250
Washington, DC 20001

**AJ Burton**
Director Federal Regulatory Affairs
Frontier
1800 M St. NW, Suite 800N
Washington, DC 20036

**Norina Moy**
Director Government Affairs
Sprint
900 7th St. NW, Suite 700
Washington, DC 20001

**Raquel R. Noriega**
Director Federal Regulatory
AT&T
1120 20th St. NW, Suite 1000
Washington, DC 20036

**Tamara L. Preiss**
Vice President Federal Regulatory Affairs
Verizon
1300 I St. NW, Suite 400-West
Washington, DC 20005

Cc: Catriona Ayer, USAC
Chris Henderson, USAC
Michael Kraft, USAC
Matthew DelNero, FCC
Lisa Hone, FCC
Ryan Palmer, FCC

# SERVICE PROVIDERS' ABILITY TO PERFORM CRITICAL E-RATE FUNCTIONS IS AT RISK

## 1. EPC Limitations on SPIN Accounts Administrator and User Credentials Impair Service Providers' Ability to Access Critical E-Rate Applicant Information

- The new Schools and Libraries Division (SLD) E-rate Productivity Center (EPC) limits Service Provider Identification Number (SPIN) Administrator credentials by capping both the number of SPINs accessible to any given user and the number of users able to access EPC for each SPIN account. As an example, the EPC platform currently allows a unique user to access only one SPIN account.
- These limits prevent large service providers from accessing applicant information. Large service providers typically have multiple, sometimes multiple dozens, of SPINs corresponding to different business entities. As such, service providers typically assign multiple employees to support multiple SPIN accounts. Further, because large service providers manage thousands of E-rate customers and even more Funding Requests, providers employ scores of staff to ensure compliance with the E-rate rules and processes across multiple SPINs.
- As a result, service providers cannot receive and process Recipient Acknowledgement Letter (RAL), Funding Commitment Decision Letters, Invoicing notifications and all other notification steps that comprise the E-rate process flow in timely fashion.

## 2. Changes to SLD Notification Formats Are Preventing Service Providers from Receiving and Processing E-Rate Applicant Information

- SLD notified stakeholders in the 2015 Spring Service Provider trainings of plans to change the EPC notification system from a Push to a Pull system. At the time, however, providers were not informed of planned changes to field delimited files of the various E-rate notifications service providers receive during the E-rate cycle.
- Throughout the E-rate cycle, service providers receive and process multiple SLD notifications for each Funding Request associated with the provider, such as Recipient Acknowledgement Letters (RAL), Funding Commitment Decision Letters, Notifications of various applicant submissions to USAC, invoice and appeal notices, etc. In order to handle this volume of transactions, providers have developed compatible IT systems able to process SLD notifications on an automated basis.
- These IT systems are highly sensitive to the formats of each notification. In particular, any changes to field delimited files require appropriate adjustments to the service provider's backend IT systems to maintain compatibility and ensure the accuracy of each transaction.
- Adjustments to a service provider's IT systems can be simple or complex depending on the nature and scope of the changes SLD makes to notification formats. Some changes can be adopted in a matter of weeks, while others entail extensive redesign of system architecture requiring significant capital investments and months of implementation.
- As a result, if USAC plans to change notification formats (or any other provider-impacting changes), service providers must receive sufficient advance notice to

undertake the necessary adjustments to ensure their systems remain compatible with SLD processes. Otherwise, service providers will be unable to process E-rate transactions in a timely fashion, potentially delaying or disrupting service provider's ability to provide service and billing discounts to applicants and putting at risk the overall success of the E-rate season.

- To date, SLD has failed to inform service providers of its plans to make extensive changes to notification formats for FY2016. Instead, those service providers able to access their SPIN accounts have learned of form notification changes upon receipt of RAL notifications – the first procedural notification received by service providers in the standard E-rate process.
- Service providers urge SLD to share immediately and in writing existing plans for all notification changes. Furthermore, we urge SLD to work with service providers to troubleshoot existing issues caused by notification changes to date.

3. **Changes to SPI Invoicing For FY2016 and/or FY2017 May Prevent Service Providers From Submitting Timely Invoices**

- SLD has announced tentative plans to eliminate the current electronic invoicing protocols and implement online SPI invoices in EPC for FY2016, but SLD has not yet engaged the service providers in the process nor provided details about the proposed online process.
- As discussed above, service providers have developed IT systems that ensure compatibility between the SLD invoicing processes and their own invoicing systems. Any changes to these IT systems are complex as they typically imply adjustments to multiple backend service provider IT systems and require significant capital investments and implementation timeframes.
- Service providers need to know immediately and in writing details of planned changes to invoicing processes, including notification formats, for FY2016. Without this information, service providers may be unable to provide E-rate discounts and process invoices for FY2016 in a timely manner.
- Further, if additional invoicing changes are planned for FY2017, service providers need to know as soon as possible so that they can start planning for the necessary systems adjustments.

## USAC MUST WORK TOGETHER WITH SERVICE PROVIDERS TO ENSURE SUCCESS OF THE FY2016 SEASON

Service providers urge USAC to work with the service provider community to achieve the following four objectives:

1. **Immediate resolution of all issues relating to Administration credentials**
   As discussed above, until this issue is resolved service providers are either completely unable or significantly impaired in their ability to access information related to each of their SPIN accounts.

2. **Release of information regarding planned changes to any and all service provider notification processes**

   Information should include the material details that may affect service provider systems, such as planned changes to field delineation files and the expected timeframe for implementation of new forms and processes. Currently, the service provider community has no information regarding plans for FY2016 or FY2017 to systems and processes related to the following key steps in the E-rate process:

- Recipient Acknowledgement Letter (RAL)
- Funding Commitment Decision Letter applicant and service provider notification
- SPI Invoice Submission process
- Form 486 Notification Letter
- Form 500 - Funding Commitment Adjustment Request Form
- Invoice Status Report (ISR)
- Electronic Remittance Statement
- Commitment Adjustment (ComAd)
- Recovery of Improperly Disbursed Funds (RIDF)
- Demand for Payment (DFP)
- Red Light Notification
- USAC Appeals Notification

3. **Retain, to the extent possible, FY2015 forms and processes in place until such time as the new EPC forms, notifications and processes are fully vetted**

4. **Form a working group of SLD staff and service provider representatives tasked with identifying and resolving the technical and process challenges associated with EPC's implementation**