

USAC

UNIVERSAL SERVICE
ADMINISTRATIVE CO.

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Robert Haga
Secretary & Treasurer
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February 26, 1999

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street, S.W.
12th Street Lobby, TW-A325
Washington, D.C. 20554

RE: Request for an Extension of the Date for Filing the Universal Service Administrative Company Draft Audit Report with the Common Carrier Bureau Audit Staff and an Extension of the Date for Filing the Final Audit Report (CC Docket Nos. 96-45 and 97-21)

Dear Ms. Salas:

The Universal Service Administrative Company (USAC) has engaged Arthur Andersen LLP (AA) to perform the independent audit required by the Commission in section 54.717 of its rules. The audit will cover the period from the corporation's inception through the 1998 calendar year. USAC submitted a preliminary audit plan, including the scope and the extent of compliance testing proposed, to the Common Carrier Bureau Audit Staff (ASD) for review and comment prior to issuing the Request for Proposal to several audit firms. USAC incorporated the recommended changes into the audit plan. AA and USAC have worked closely with ASD to finalize the audit plan, procedures and scope. We recognize the importance of this first audit and all parties wanted to take great care to ensure that the audit would be complete. The audit is close to completion, however we will not be able to provide a draft audit report within the time frame specified in section 54.717(f).

USAC has also been working with the former Rural Health Care Corporation and the Schools and Libraries Corporation approach (now the Rural Health Care and Schools and Libraries Divisions of USAC) to ensure that the approach for the audits of those corporations is complete and is consistent

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with the approach for the USAC audit. The ASD has been very supportive of this effort. This coordination will ensure that the entire universal service program is reviewed and it will also save time and money for the 1999 audit of the consolidated entity. We request a 30-day extension for submitting a draft of the audit report to the ASD and a 30-day extension for submitting the completed report to the Chief of the Common Carrier Bureau.

The ASD has also requested that USAC perform an audit of contributors and carriers filing a Form 457 as authorized in section 54.707. It is estimated that this audit will be completed by May 7, 1999. We would request a 90-day extension for this supplemental audit.

In accordance with Commission rules, I am submitting two copies of this request for each docket to the Office of the Secretary. Please acknowledge receipt hereof by affixing a notation on a duplicate copy of this letter furnished herewith for such purposes and remitting same to the bearer.

Sincerely,



Robert Haga

RH:cah:letters\FCC\Salas audit

Enclosures

cc: Chairman Kennard
Commissioner Ness
Commissioner Furchgott-Roth
Commissioner Powell
Commissioner Tristani
Ms. Lisa Zaina
Ms. Irene Flannery
Mr. Joseph Perrone
Ms. Cheryl Parrino
Mr. Fred Hughes
Mr. Joseph Krzos