



Universal Service Administrative Company

D. Scott Barash
Vice President and General Counsel

Administrator's Decision on Contributor Appeal

October 24, 2001

BY FEDERAL EXPRESS

Charles N. Garber, CFA
Chief Financial Officer
A.R.C. Networks, Inc.
1333 Broadway, Suite 1001
New York, NY 10018

RE: A.R.C. Networks (ID # 813032)
Contributor Appeal

Dear Mr. Garber:

After thorough review, the Universal Service Administrative Company (USAC) has completed its evaluation of the Request for Review on behalf of A.R.C. Networks, Inc. (A.R.C. Networks) dated April 5, 2001 and received by USAC on July 27, 2001 (Appeal). Your Appeal requests that USAC accept A.R.C. Network's late-filed revised FCC Form 457 reporting revenue for the period January 1, 1998 to December 31, 1998.

Decision on Appeal: Denied.

Explanation of Decision:

Federal Communications Commission (FCC) regulations in force during the relevant time period required carriers to file a Universal Service Worksheet (FCC Form 499 or, previously, FCC Form 457) twice annually, in April and September, and required USAC to bill contributors based on reported revenues. *See generally* 47 C.F.R. Part 54. USAC is required to estimate revenues for carriers that fail to file the required worksheets and to bill those carriers based on the estimated revenue. FCC regulations do not require USAC to accept any late-filed Universal Service Worksheets. However, in order to improve the accuracy of the revenue reported, the USAC Board of Directors has authorized staff to allow carriers to file new or revised worksheets after the original due date. Since September 1, 1999, USAC has allowed carriers to file new or revised Universal Service

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Worksheets after the original due date and for a period limited up to 12 months from the initial due date of the worksheet in question.

On separate occasions A.R.C. Networks failed to file the required Universal Service Worksheets reporting revenue for the periods January 1, 1998 to June 30, 1998, January 1, 1998 to December 31, 1998 and January 1, 1999 to June 30, 1999. On all three separate occasions USAC sent non-responder letters notifying A.R.C. Networks of its failure to file the Forms and of its continuing obligation to file Forms to allow for estimation of its universal service fund contribution. Given USAC's repeated requests, A.R.C. was provided with sufficient time and notification regarding deadlines for filing of subsequent forms. Nevertheless, the FCC Forms reporting 1998 revenue were submitted significantly after the initial deadline and outside the 12 month time limit for submitting revised revenue reporting approved by the USAC Board of Directors.¹ Thus, after careful review of the facts and the information contained in A.R.C. Network's Appeal, USAC must deny the Appeal.

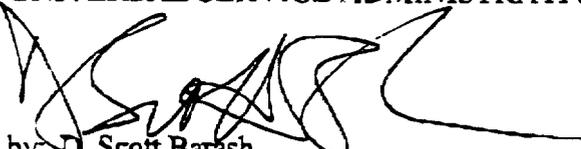
If you disagree with the USAC response to your Request for Review, you may file an appeal with the Federal Communications Commission (FCC) within 30 days of the date of this letter. The FCC address where you may direct your appeal is:

Federal Communications Commission
Office of the Secretary
445 12th Street, SW, Room TW-A325
Washington, DC 20554

Please be sure to indicate the following information on all communications with the FCC:
"Docket Nos. 96-45 and 97-21."

Sincerely,

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY


by: D. Scott Barash
Vice President and General Counsel

cc: Anita Cheng, FCC Common Carrier Bureau
James Shook, FCC Enforcement Bureau
Lisa Harter, USAC, Manager Revenue Administration

¹ USAC notes that the Forms filed to report revenue for 1999 were submitted within the 12-month time limit and were already processed earlier this year. Appeal of these Forms is therefore moot.

EXHIBIT E

Proof of USAC Receipt of ARC Appeal

April 6, 2001

AIRBORNE EXPRESS

FAX TRANSMITTAL MEMO

TO: LOUIS NO. OF PAGES: _____ DATE: 19 July 01 TIME: 16:15

LOCATION: _____ FROM: _____

FAK # 218-645-9680 DEPARTMENT: DCR

COMMENTS: 212-5166-2100 301-380-5325 PHONE: _____

DELIVERY MANIFEST

ROUTE: 905 DRIVER'S NAME: Lucky DATE: 4.6.01 MANIFEST NUMBER: _____

NUMBER	PCS	TIME	SIGNATURE / EXCEPTION CODE	PRINT NAME / RES ADDRESS	COD / F COD	CHECK	CASH
182 948 0461	912		<i>[Signature]</i> RECEIVED IN GOOD ORDER EXCEPT AS NOTED	J. EASON 2101 L ST	S	<input type="checkbox"/>	<input type="checkbox"/>
28162788572	915		RECEIVED IN GOOD ORDER EXCEPT AS NOTED	H. CHOI 2117 LST	S	<input type="checkbox"/>	<input type="checkbox"/>
382 968 9285	917		<i>[Signature]</i> RECEIVED IN GOOD ORDER EXCEPT AS NOTED	D. HOWARD 2120 L ST	S	<input type="checkbox"/>	<input type="checkbox"/>
504 086 3715	918		RECEIVED IN GOOD ORDER EXCEPT AS NOTED	R. BROWN 2120 LST	S	<input type="checkbox"/>	<input type="checkbox"/>
123 311 0760	920		<i>[Signature]</i> RECEIVED IN GOOD ORDER EXCEPT AS NOTED	F. COBBLEPT 2120 L ST	S	<input type="checkbox"/>	<input type="checkbox"/>
6548 6782 373	923		<i>[Signature]</i> RECEIVED IN GOOD ORDER EXCEPT AS NOTED	J. SWONIGER 2134 L ST	S	<input type="checkbox"/>	<input type="checkbox"/>
5731 0243 373	929		<i>[Signature]</i> RECEIVED IN GOOD ORDER EXCEPT AS NOTED	M. BRADSKY 2101 K ST	S	<input type="checkbox"/>	<input type="checkbox"/>
005967662 273	931		RECEIVED IN GOOD ORDER EXCEPT AS NOTED		S	<input type="checkbox"/>	<input type="checkbox"/>
778 521 4511	931		RECEIVED IN GOOD ORDER EXCEPT AS NOTED		S	<input type="checkbox"/>	<input type="checkbox"/>
5973 0896 470	931		RECEIVED IN GOOD ORDER EXCEPT AS NOTED		S	<input type="checkbox"/>	<input type="checkbox"/>
909 674 6131	931		RECEIVED IN GOOD ORDER EXCEPT AS NOTED		S	<input type="checkbox"/>	<input type="checkbox"/>
691 448 5211	932		<i>[Signature]</i> RECEIVED IN GOOD ORDER EXCEPT AS NOTED	A. ANZANELLO 2121 K ST	S	<input type="checkbox"/>	<input type="checkbox"/>
106 224 1563	936		<i>[Signature]</i> RECEIVED IN GOOD ORDER EXCEPT AS NOTED	T. ORR 2141 K ST	S	<input type="checkbox"/>	<input type="checkbox"/>
5418 5678 470	937		<i>[Signature]</i> RECEIVED IN GOOD ORDER EXCEPT AS NOTED	#03 2141 K ST	S	<input type="checkbox"/>	<input type="checkbox"/>
3074 336 9016	941		<i>[Signature]</i> RECEIVED IN GOOD ORDER EXCEPT AS NOTED	M. LORRICK 2175 K ST	S	<input type="checkbox"/>	<input type="checkbox"/>
476 945 6510	943		<i>[Signature]</i> RECEIVED IN GOOD ORDER EXCEPT AS NOTED	M. JESSER 2125 K ST	S	<input type="checkbox"/>	<input type="checkbox"/>
30764402561	955		<i>[Signature]</i> RECEIVED IN GOOD ORDER EXCEPT AS NOTED	DAVID GAIN 801 22 ND	S	<input type="checkbox"/>	<input type="checkbox"/>
61933086073	956		<i>[Signature]</i> RECEIVED IN GOOD ORDER EXCEPT AS NOTED	A. FORSHE 801 22 ND	S	<input type="checkbox"/>	<input type="checkbox"/>

RECEIVER COMMENTS: (ALSO INDICATE LINE #)

CERTIFICATE OF SERVICE

I, Angela Green, a secretary with the law firm of Shaw Pittman, hereby certify that on the 20th day of November, 2001, the foregoing **Request for Review by A.R.C. Networks, Inc. of Decision of Universal Service Administrator** was served by hand-delivery on the following:

D. Scott Barash
Universal Service Administrative Company
2120 L Street NW
Suite 600
Washington, DC 20037

Federal Communications Commission
445 12th Street
Room TW-A325
Washington, DC 20554


Angela Green