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Before the
Federal Communications Commission
Washington, D.C. 20554

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In the Matter of	)	
	)	
Request for Review of the Decision of the Universal Service Administrator by	)	
	)	
Penn Hills School District Pittsburgh, Pennsylvania	)	File No. SLD-174801
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	
Changes to the Board of Directors of the National Exchange Carrier Association, Inc.	)	CC Docket No. 97-21

ORDER

Adopted: January 11, 2002 **Released: January 14, 2002**

By the Accounting Policy Division, Common Carrier Bureau:

1. The Accounting Policy Division has under consideration a Request for Review filed by the Penn Hills School District (Penn Hills), Pittsburgh, Pennsylvania, seeking review of a decision issued by the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (Administrator).[1] Penn Hills seeks review of SLD's denial of its application for discounts under the schools and libraries universal service support mechanism.[2] For the reasons set forth below, we deny Penn Hills' Request for Review.

2. Under the schools and libraries universal service support mechanism, eligible schools, libraries, and consortia that include eligible schools and libraries, may apply for discounts for eligible telecommunications services, Internet access, and internal connections.[3] In order to receive discounts on eligible services, the Commission's rules require that the applicant submit to the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (Administrator) a completed FCC Form 470, in which the applicant sets forth its

[1] Letter from Louis Treleani, Penn Hills School District, to Federal Communications Commission, filed February 28, 2001 (Request for Review).

[2] Section 54.719(c) of the Commission's rules provides that any person aggrieved by an action taken by a division of the Administrator may seek review from the Commission. 47 C.F.R. § 54.719(c).

[3] 47 C.F.R. §§ 54.502, 54.503.

technological needs and the services for which it seeks discounts.[4] Once the applicant has complied with the Commission's competitive bidding requirements and entered into an agreement for eligible services, it must file an FCC Form 471 application to notify the Administrator of the services that have been ordered, the carrier with whom the applicant has entered an agreement, and an estimate of funds needed to cover the discounts to be given for eligible services.[5]

3. Penn Hills filed its FCC Form 471 on January 14, 2000, seeking discounts for telecommunications services in Funding Request Number (FRN) 348764.[6] While reviewing Penn Hills' application, SLD changed the service category for FRN 348764 from telecommunications services to internal connections.[7] SLD then issued a Funding Commitment Decision Letter denying funds for FRN 348764.[8] SLD's letter explained that the "funding cap [for Funding Year 3] will not provide for internal connections less than 81% discount to be funded."[9]

4. Penn Hills then filed an appeal with SLD.[10] Penn Hills argued that the service category should not have been changed from telecommunications services to internal connections.[11] By letter dated February 2, 2001, SLD agreed that Penn Hills actually requested discounts for telecommunication services in its FCC Form 471.[12] However, SLD determined that Penn Hills' application was properly denied because Penn Hills had requested telecommunications services from an ineligible telecommunication provider, Mon-Wal, Inc. d\b\a Ikon Office Solutions (Mon-Wal). SLD asserted that Mon-Wal did not provide telecommunications services on a common carrier basis. SLD therefore denied Penn Hills'

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[4] 47 C.F.R. §§ 54.504(b)(1), (b)(3).

[5] 47 C.F.R. § 54.504(c).

[6] FCC Form 471, Penn Hills School District, filed January 14, 2000.

[7] Universal Service Administrative Company, Schools and Libraries Division, 471 PIA Review Log, Penn Hills School District, February 22, 2000, (FRN 348764 was changed from telecommunications services to internal connections).

[8] Letter from Schools and Libraries Division, Universal Service Corporation to Louis Treleani, Penn Hills School District, dated April 14, 2000.

[9] *Id.*

[10] Letter from Louis Treleani, Penn Hills School District, to Schools and Library Division, Universal Service Corporation, filed May 3, 2000.

[11] *Id.*

[12] Letter from Schools and Libraries Division, Universal Service Corporation to Louis Treleani, Penn Hills School District, dated February 2, 2001 (SLD Appeal).

appeal.[13]

5. In response, Penn Hills filed the instant Request for Review with the Commission.[14] In its Request for Review, Penn Hills argues that Mon-Wal has a consulting division known as US Connect, which ordered all the requested data lines from Verizon. Penn Hills states that now it realizes that it should have used Verizon-Pennsylvania's Service Provider Identification Number (SPIN) on its application for telecommunications services because Penn Hills pays Verizon directly for the lines. Penn Hills therefore requests that its appeal be granted and that the SPIN be changed to reflect that Verizon-Pennsylvania is its service provider. In addition, Penn Hills argues that SLD should have informed Penn Hills of its oversight when it was reviewing the application.

6. We have reviewed the record, and we conclude that SLD properly determined that Penn Hills was not entitled to discounts for the FRN at issue. As discussed in both the *Universal Service Order* and the *Fourth Reconsideration Order*, the Communications Act permits only "telecommunications carriers" to receive direct reimbursement under the universal service support mechanism for the provision of discounted telecommunications services.[15] The record indicates that Mon-Wal did not qualify as a "telecommunications carrier." Given the clear proscription of the *Universal Service Order* on funding for telecommunications services provided by entities other than common carriers, it was Penn Hill's responsibility to ensure that the service provider it had contracted with was indeed a telecommunications provider whose status as a telecommunications provider would be appropriately reflected in its application materials.[16] Review of SLD's records further reveals that SLD received no documentation from Penn Hills during the application processing period indicating that an entity other than Mon-Wal would be providing the requested telecommunication services. In the absence of appropriate identification during the application review process, SLD properly determined that Mon-Wal was not a telecommunications service provider eligible to receive support.

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[13] *Id.*

[14] Request for Review.

[15] *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, 12 FCC Rcd 8776, 9177-78, 9005-23, 9084-90 (1997) (*Universal Service Order*); *Federal-State Joint Board on Universal Service, Access Charge Reform, Price Cap Performance Review for Local Exchange Carriers, Transport Rate Structure and Pricing, End User Common Line Charge*, CC Docket Nos. 96-45, 96-262, 94-1, 91-213, 95-72, Fourth Order on Reconsideration, 13 FCC Rcd 5318, 5413-14 (1997) (*Fourth Reconsideration Order*).

[16] *See* Instructions for Completing the Schools and Libraries Universal Service, Services Ordered and Certification Form, OMB Approval No. 3060-0806 (FCC Form 471 Instructions) (September 1999), at p. 19 ("[O]nly telecommunications carriers who are common carriers (meaning they provide their services for a fee to the general public) are eligible providers of telecommunications services. If you receive telecommunications services from a provider that is not a common carrier your Funding Request for such services will be denied.").

7. Moreover, we find that Penn Hills' request for review must be denied because it is not entitled to a SPIN correction. As a general matter, applicants may request and obtain SPIN corrections both before and after the issuance of the Funding Commitment Decision Letter.[17] However, SLD does not grant SPIN correction requests after the issuance of the Funding Commitment Decision Letter where the SPIN has led to a funding denial.[18] This practice is consistent with SLD's general practice of denying requests to correct a data entry error after the error has led to an adverse funding decision unless the error is demonstrated to be the fault of SLD.[19] We have upheld this practice, finding that it is administratively necessary to require an applicant to be responsible for providing complete and accurate information in its FCC Form 471 upon which its ultimate funding is dependent.[20]

8. With SPIN corrections, as with other data errors, we find that if applicants were permitted to correct their applications after SLD has denied them, it would eliminate any incentive for them to avoid including ineligible expenses or ineligible providers in their funding requests, and that this would significantly increase the administrative burden SLD would face while carrying out its obligation to guard against the occurrence of errors and fraud. While an open-ended SPIN correction process is justified in cases where funding has been properly granted in order to ensure that such funding is appropriately distributed, no such justification warrants the imposition of the additional costs discussed above in cases of funding denials. We therefore uphold SLD's practice of denying SPIN corrections that are requested after the original SPIN has properly led to a funding denial.

9. In this case, Penn Hills does not dispute that Mon-Wal is not an eligible telecommunications carrier. Thus, we find that FRN 348764 was correctly denied based on its ineligible SPIN. Because the SPIN led to a funding denial, we conclude that Penn Hill was not thereafter entitled to a SPIN correction.

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[17] *See* SLD web site, <http://www.sl.universalservice.org/reference/SPINCorrection.asp>.

[18] *See, e.g.*, Letter from Schools and Libraries Division, Universal Service Administrative Company, to Sr. Elizabeth S. Hatzenbuehler, Ursuline Academy, App. No. 178448, dated April 10, 2001 (stating, in response to appeal from funding denial, that "SLD will not grant a SPIN Change, since your original request included a SPIN that you were not authorized to use.").

[19] *See Request for Review by Baltimore Junior Academy, Federal-State Joint Board on Universal Service, Changes to the Board of Directors of the National Exchange Carrier Association, Inc.*, File No. SLD-195870, CC Dockets No. 96-45 and 97-21, Order, DA 01-1819, para. 4 (Com. Car. Bur. rel. July 31, 2001).

[20] *Id.*, para. 12.

10. ACCORDINGLY, IT IS ORDERED, pursuant to authority delegated under sections 0.91, 0.291, and 54.722(a) of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, and 54.722(a), that the Request for Review filed by Penn Hills School District, Pittsburgh, Pennsylvania, on February 28, 2001, IS DENIED.

FEDERAL COMMUNICATIONS COMMISSION

Mark G. Seifert
Deputy Chief, Accounting Policy Division
Common Carrier Bureau