



## Universal Service Administrative Company

D. Scott Barash  
Vice President and General Counsel  
[sbarash@universalservice.org](mailto:sbarash@universalservice.org)

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January 28, 2004

Ms. Marlene H. Dortch  
Federal Communications Commission  
Office of the Secretary  
c/o Capitol Heights Facility  
236 Massachusetts Avenue, NE, Suite 110  
Washington, DC 20002

RE: In the Matter of Requests for Review of Decisions of the Universal Service Administrator,  
Federal-State Joint Board on Universal Service, CC Docket No. 02-6;

In re California Youth Authority (Funding Year 2001)  
471 Application # 247568;

Administrator's Referral to Federal Communications Commission of Request for  
Extension of Funding Year 2001 Deadline for Potential Waiver and Remand of Request  
for Extension of Deadline for Implementation of Non-Recurring Services

Dear Ms. Dortch:

After thorough review, the Universal Service Administrative Company (USAC or Administrator) has completed its evaluation of the request for an extension of the Funding Year 2001 deadline for implementation of non-recurring services under the Schools and Libraries Universal Service Support Mechanism submitted by California Youth Authority (CYA or Applicant). Because it appears that USAC may be precluded from providing CYA with a remedy under the circumstances presented, USAC respectfully refers CYA's request for waiver to the Commission with a recommendation that the Commission consider granting the relief sought by Applicant.

The circumstances giving rise to this request are as follows:

Under regulations governing the Schools and Libraries Universal Service Support Mechanism, applicants initially were required to complete installation of non-recurring services<sup>1</sup> by the close of the funding year for which support had been committed. In

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<sup>1</sup> "Non-recurring" services are funding requests with one-time charges associated for discounted telecommunications service, Internet access or internal connections. "Recurring" charges are regular billings, usually monthly, charged by service providers for telecommunications services, Internet access, or internal connections.

recognition of the fact that many schools and libraries required more time to install non-recurring services in order to make greater use of their universal service discounts, in June 2001 the Commission adopted a rule permanently extending the deadline for receipt of non-recurring services for certain qualified applicants from June 30 to September 30 following the close of the funding year. 47 C.F.R. §54.507(d).<sup>2</sup> The Commission also automatically extended the deadline by one year or allowed applicants to seek an additional year, until September 30 of the year following the close of the funding year, if the applicant meets one of several criteria. *Id.* The criteria are as follows:

- (1) The applicant's funding commitment decision letter is issued by the Administrator on or after March 1 of the funding year for which discounts are authorized;
- (2) The applicant receives a service provider change authorization or service substitution authorization from the Administrator on or after March 1 of the funding year for which discounts are authorized;
- (3) The applicant's service provider is unable to complete implementation for reasons beyond the service provider's control; or,
- (4) The applicant's service provider is unwilling to complete installation because funding disbursements are delayed while the Administrator investigates their application for program compliance.

*Id.*

The Schools and Libraries Division (SLD) of USAC issued a Funding Commitment Decision Letter (FCDL) to Applicant for the Funding Year 2001<sup>3</sup> FCC Form 471 Application Number: 247568 and Funding Request Numbers (FRNs): 611658; 611692; 611743, and 611783. The FCDL was issued on February 8, 2002, prior to March 1, 2002. The *Permanent Extension Order* gives Applicant until 90 days following the close of the funding year, September 30, 2002, to complete the implementation of non-recurring charges associated with the FCDL. 47 C.F.R. §54.507(d). Applicant has petitioned USAC for an extension of the implementation deadline. Applicant has determined that the service provider will not have sufficient time to complete the installation project for which funding was committed and has provided USAC with documentation in support of its view.

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<sup>2</sup> See *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, FCC 01-195 (rel. June 29, 2001)(*Permanent Extension Order*).

<sup>3</sup> Funding Year 2001 of the Schools and Libraries Support Mechanism began on July 1, 2001 and concluded on June 30, 2002. Products or services under funding requests with non-recurring charges could be delivered up to September 30, 2002, with no approval required by USAC or the FCC.

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In support of its request for an extension, Applicant has invoked the third criterion pursuant to which USAC may grant an extension of the deadline; i.e., that the service provider is unable to complete implementation for reasons beyond the service provider's control. *See* 47 C.F.R. §54.507(d)(3). The basis for Applicant's argument that the service provider is unable to complete implementation "for reasons beyond the service provider's control," *see* 47 C.F.R. §54.507(d)(3), is "due to fiscal problems with the State of California budget funding for this project has been impacted. The extension to December 31, 2002 will make it possible to fund the complete project." The Applicant asserts that the funding cuts have restricted its ability to fund the non-discounted portion of the project. USAC is uncertain whether it can provide the relief sought by Applicant because it is unclear as to whether state budget cuts are the kind of circumstance "beyond the service provider's control" within the meaning of 47 C.F.R. §54.507(d)(3) as contemplated in the *Permanent Extension Order*. In a situation such as this, where USAC issued the FCDL before March 1, USAC could be constrained from granting the extension sought by Applicant. Thus, USAC is seeking Commission guidance on this question. *See* 47 C.F.R. §54.702(c).

If the Commission concludes that, pursuant to the *Permanent Extension Order*, USAC does in fact have authority to grant the requested extension under the circumstances presented here to this Applicant and would have the authority to provide relief to similarly situated applicants in the future, then USAC respectfully requests that the Commission or Wireline Competition Bureau staff clarify that understanding. Alternatively, however, if the Commission concludes that this is not the type of circumstance that would permit USAC to grant extensions under the *Permanent Extension Order* and 47 C.F.R. §54.507(d), then the Administrator requests that the Commission consider granting a waiver of 47 C.F.R. §54.507(d) to extend the date by which the service providers associated with Applicant's FCDL must complete any non-recurring services to September 30, 2004. Should the Commission grant the requested extension, the Commission should remand this matter to USAC.

We would be pleased to provide any additional information you may require and to answer any questions you may have about this matter.

Sincerely,

D. Scott Barash  
Vice President and General Counsel

cc: Narda Jones, Deputy Chief, Telecommunications Access Policy Division,  
Wireline Competition Bureau, FCC  
David Marson, California Youth Authority