

**BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C. 20554**

In the Matter of	)	
	)	
Schools and Libraries Universal	)	CC Docket No. 02-6
Service Support Mechanism	)	
	)	
	)	

**REQUEST OF SOUTHWESTERN BELL TELEPHONE LP  
FOR A WAIVER OF E-RATE INVOICING DEADLINES**

Pursuant to Section 1.3 of the Commission’s Rules,<sup>1</sup> Southwestern Bell Telephone LP (SWBT) respectfully requests a waiver of the E-rate invoicing deadline for services delivered in Funding Year 2002<sup>2</sup> associated with the 31 FRNs identified in Attachment A. SWBT delivered the subject services in the funding year but, due to programming errors in SWBT’s billing system, inadvertently billed the customers the full, non-discounted rate for those services, which the customers paid. As discussed below, SWBT did not discover the billing error in time to file corrected invoices with the Schools and Library Division before the deadline. Absent a waiver of the invoice filing deadline, the customers will be denied the E-rate discounts for which they were approved.

Section 1.3 of the Commission’s rules provides that the Commission may waive its rules “if good cause therefore is shown.”<sup>3</sup> Generally, a waiver is appropriate if “special circumstances

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<sup>1</sup> 47 C.F.R. §1.3.

<sup>2</sup> <http://www.sl.universalservice.org/reference/InvoicingDeadlines.asp>

<sup>3</sup> 47 C.F.R. § 1.3.

warrant deviation from the general rule and such deviation will serve the public interest.”<sup>4</sup> In this instance, as explained below, a waiver of the invoice filing deadline is necessary to ensure that the affected 28 schools receive the full E-rate discounts for which they were approved.

During its year end close out review of E-rate accounts in October 2003, SWBT discovered that it had not applied appropriate discounts to, and generated correct invoices for, services authorized and provided in Funding Year 2002 pursuant to 31 FRNs. Upon investigation, SBC determined that its failure to apply appropriate discounts and submit invoices to recover E-rate funds for those discounts was due to programming errors. These errors occurred when SWBT implemented system updates to further automate its E-rate billing and invoicing systems to improve efficiency and accommodate increased customer requests for “service provider invoicing” as a result of the Commission’s April 2003 decision.<sup>5</sup> Specifically, these errors occurred when SWBT’s automated system for applying discounts to customer accounts in the billing systems failed to associate all FRN data with the relevant account data when applying discounts retroactively. (Carriers must apply discounts retroactively when SLD issues funding commitments or applicants provide service confirmation data after the start of the funding year.)

After discovering the errors and determining that it could not generate corrected invoices with appropriate discounts in time to meet the invoicing deadline (*i.e.*, within 120 days after the last day for delivering services), SWBT sought invoice extensions from SLD on October 28, 2003, and November 13, 2003, for two groups of FRNs, a subset of which are the subject of this waiver. Both these requests sought extensions “Due to problems in our automated discounting

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<sup>4</sup> *Northeast Cellular Telephone Co. v. FCC*, 897 F.2d 1164, 1166 (D.C. Cir. 1990); *see also WAIT Radio v. FCC*, 418 F.2d 1153,1159 (D.C. Cir. 1969).

<sup>5</sup> *Schools and Libraries Universal Service Support Mechanism*, CC Doc. No. 02-6, Second Report and Order and Further Notice of Proposed Rulemaking, 18 FCC Rcd 9202 (2003).

system.”<sup>6</sup> These requests were denied in two separate notices on the ground that “current deadline extension guidelines and procedures do not allow for the reason submitted.”<sup>7</sup>

Good cause exists for waiving the invoice filing deadline to ensure that the 28 schools in question receive the full benefit of the E-rate funds for which they applied and were approved.<sup>8</sup> As SBC explained in a meeting with Commission staff on February 12, 2003, SWBT handles discounts associated with over 3,000 FRNs each year in 5 different states. Each of these FRNs has multiple associated telephone numbers receiving services – some have thousands of numbers.<sup>9</sup> It is a substantial undertaking to efficiently and accurately apply discounts, generate and submit invoices, and pass E-rate funds on to applicants in accordance with the rules. SWBT has devoted considerable time, effort and expense to establish automated systems necessary to implement the E-rate program. Those systems generally perform well, and apply the appropriate discounts for services provided pursuant to the E-rate program. Indeed, the systems at issue here generated E-rate invoices for 9,5000 line items in funding year 2002. In this case, however, programming errors during system upgrades necessary to accommodate increased customer demand for service provider invoicing billing caused SWBT to fail to apply Erate discounts in some months to accounts associated with these 31 FRNs. Given the scale and scope of SWBT’s E-rate participation, and the recent rule changes, errors of this type inevitably will occur. In these circumstances, strict adherence to the invoice filing deadline would be inappropriate. A waiver of the invoice deadline would further the public interest by ensuring that the applicant schools receive the full-amount of e-rate funding for which they were approved.

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<sup>6</sup> October 28, 2003 e-mail to [appeals@sl.universalservice.org](mailto:appeals@sl.universalservice.org) from Michelle Tudyk, SWBT; November 13, 2003 e-mail to [appeals@sl.universalservice.org](mailto:appeals@sl.universalservice.org) from Michelle Tudyk, SWBT.

<sup>7</sup> Two emails dated December 26, 2003 at 1:58 PM to Michelle Tudyk, SWBT, from [deadlineextension@sl.universalservice.org](mailto:deadlineextension@sl.universalservice.org).

<sup>8</sup> The total amount of the discounts that was not applied to these accounts is \$210,972.46.

<sup>9</sup> Letter of Mary L. Henze, Asst. V.P. Federal Regulatory, BellSouth Corp., to Marlene Dortch, Secretary, FCC (Feb. 17, 2004).

**Conclusion**

The Commission should grant this request for a waiver of the E-rate invoicing deadlines so that these 28 schools can receive the full benefit of the E-rate discounts for which they were approved.

Respectfully Submitted,

SOUTHWESTERN BELL  
TELEPHONE, LP

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February 24, 2004

## Attachment A

<b>FRN</b>	<b>Applicant Name</b>	<b>Extension Requested</b>	<b>SLD Decision Date</b>
732515	WICHITA USD 259	10/28/2003	denied 12/26/03
733727	PAULS VALLEY SCHL DSIT	10/28/2003	denied 12/26/03
740712	BLESSED HOP SCHL	11/13/2003	denied 12/26/03
752000	WACO ISD	10/28/2003	denied 12/26/03
765381	ST.FRANCIS DELSAL SCHOOL	10/28/2003	denied 12/26/03
771035	BEAUMONT ISD	11/13/2003	denied 12/26/03
782060	BELTON ISD	11/13/2003	denied 12/26/03
789809	ARLINGTON ISD	11/13/2003	denied 12/26/03
789992	ARLINGTON ISD	11/13/2003	denied 12/26/03
790040	CUERO PUB LIB	11/13/2003	denied 12/26/03
790984	BIRDVILLE ISD	11/13/2003	denied 12/26/03
793109	YSLETA ISD	11/13/2003	denied 12/26/03
802788	VICTORIA PUB LIB	10/28/2003	denied 12/26/03
805648	CHANNELVIEW ISD	11/13/2003	denied 12/26/03
806962	ROUND ROCK ISD	10/28/2003	denied 12/26/03
808667	PITTSBURG PUBLIC LIB	10/28/2003	denied 12/26/03
809708	PHARR SJ ALAMO	11/13/2003	denied 12/26/03
817872	CHASE CO USD 284	10/28/2003	denied 12/26/03
833366	CASTLEBERRY ISD	11/13/2003	denied 12/26/03
840034	LA JOYA ISD	11/13/2003	denied 12/26/03
846856	MUSTANG PUBLIC SCHL	11/13/2003	denied 12/26/03
849726	ALICE ISD	10/28/2003	denied 12/26/03
849997	NORTH FOREST ISD	11/13/2003	denied 12/26/03
856366	RENWICK USD 267	11/13/2003	denied 12/26/03
880598	EDGEWOOD ISD	11/13/2003	denied 12/26/03
880599	EDGEWOOD ISD	11/13/2003	denied 12/26/03
880600	EDGEWOOD ISD	11/13/2003	denied 12/26/03
886754	NEW BRAUNFELS ISD	11/13/2003	denied 12/26/03
887217	TEXANS CAN	10/28/2003	denied 12/26/03
889883	HARMONY SCIENCE ACADEMY	10/28/2003	denied 12/26/03
896650	REGION ESC 13	11/13/2003	denied 12/26/03