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April 19, 2005

VIA ELECTRONIC SUBMISSION

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W. – Lobby Level
Washington, DC 20554

Re: Notice of Ex Parte - CC Docket No. 02-6
In the Matter of Schools and Libraries Universal Service Support Mechanism

Comments on the Universal Service Administrative Company's
Proposed Audit Plan

Dear Ms. Dortch:

SBC Communications Inc. ("SBC") provides the following comments on the Universal Service Administrative Company's ("USAC's") proposed audit process and the public policy issues involved in resolving audit findings in a timely manner:

1. Applicants and service providers should be afforded an opportunity for greater participation in the audit process.

If, during an audit of an E-rate customer, the auditor determines that he or she requires additional documentation or explanation from the service provider to avoid an adverse finding against the E-rate customer, the service provider should be notified promptly and given a formal opportunity to participate in the audit process. In particular, the service provider should be served copies of the draft audit report and given a reasonable opportunity to comment.

2. USAC's procedures and guidance need to be publicized.

SBC suggests that USAC maintain on its website a complete list of E-rate procedures and SLD guidance, and their effective. USAC also should maintain an archive of website material for at least five years.

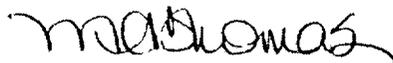
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3. USAC should limit its practice of withholding funds.

While it may be reasonable, in some circumstances, for USAC to withhold action on pending and future funding requests pending resolution of audit findings of non-compliance with program rules, USAC should not withhold payments for *current* approved funding requests while it investigates compliance issues relating to prior projects without providing the applicant and service provider notice and an opportunity to challenge such action. Additionally, the Bureau should establish clear guidelines regarding the circumstances under which funding may, or may not, be withheld.

In accordance with the Commission's rules, SBC is filing this letter electronically through the Electronic Comment Filing System in the docket captioned above.

Sincerely

A handwritten signature in black ink, appearing to read "mstephens", written in a cursive style.

cc: Narda Jones
Anthony Dale
Carol Pomponio
Vickie Robinson
Mark Stephens