

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554

In the matter of:	)	
	)	
Schools and Libraries Universal Service	)	
Support Mechanism	)	CC Docket No. 02-6
	)	DA 13-363
Comments on Proposed Revisions	)	
To FCC Forms 472, 473, and 474	)	

The State E-Rate Coordinators' Alliance ("SECA") submits these Comments in response to the March 8, 2013 Public Notice issued by the Wireline Competition Bureau in DA 13-363. The Public Notice invites interested parties to file Comments regarding the proposed revisions to FCC Forms 472, 473, and 474.

SECA is a national organization comprised of state E-rate coordinators generally representing state departments of education and/or state network entities. As E-rate coordinators, SECA members are responsible for disseminating programmatic information to E-rate applicants and other stakeholders in their respective states. SECA members are intimately familiar with the operational details of the E-rate program as they are called upon to respond to applicant questions on a daily basis and to facilitate applicant participation in the program. By serving in the field, SECA members are acutely aware of the impact of FCC rules and procedures on the E-rate process. SECA members have testified in both House and Senate hearings on E-rate issues and were also represented on the SLD's 2003 Task Force for the Prevention of Waste, Fraud and Abuse.

**BACKGROUND**

The three E-rate forms that are the subject of these comments have been the subject of numerous revisions. As with the suggested changes in DA 13-363 the revisions have added or revised certifications but have not generated any substantive changes.

While we recognize the importance of the additional certifications, and welcome a few of the incremental changes, we believe that several issues, both old and new, have not been addressed in the current revisions. Our comments on these issues are provided below. A number of smaller editorial suggestions are included in Appendix A. We encourage the FCC to make all these changes now rather than wait until the next iteration of form revisions which may be years away.

## COMMENTS ON FORM 472 (BEAR)

The current BEAR form dates back to April 2007. The use of the BEAR reimbursement process is one of the two standard options for realizing E-rate discounts. SECA identified several Form 472 shortcomings during the comment period for the current version of the form. Several of those shortcomings have yet to be corrected and are addressed below.

**1. The most critical shortcoming of the Form 472 that was not addressed in the current version is the absence of applicant remittance contact information to which the service provider can mail the associated reimbursement check.**

Once a BEAR form is submitted, processed, and approved for payment, the resulting check (or electronic transfer) from USAC is sent to the service providers. It is then that provider's responsibility to pass that payment on by sending a check to the original applicant. Remittance information governing the transfer of funds from USAC to the service provider is governed by the contact information contained in the vendor's Form 498. Neither Form 472, nor any other applicant form, however, captures remittance information that the service provider can use to transfer funds to the applicant. The service provider must guess where to send the reimbursement.

Experience has shown that different service providers guess differently. Some simply mail the check to the same name and address that is used for applicant billing purposes. In these cases, the check arrives unannounced and is often deposited unceremoniously in the bank by the accounts receivable department. Subsequent tracking by the applicant's E-rate coordinator becomes a nightmare.

A better guess, and the one often made by the more experienced vendors, is to mail the check to the E-rate contact listed in other, previously submitted, applicant E-rate forms (all of which contain contact address fields). If the applicant's E-rate contact has not changed since the other form was filed, this at least usually permits the contact to identify the payment, compare it with the amount of the BEAR filed, and then pass the check to accounts receivable.

The SLD, itself, uses this latter approach when it authorizes disbursement of a BEAR payment and sends a BEAR Notification Letter to the vendor with a copy to the applicant. The applicant contact and address information used to send the copy is taken from the applicant's associated Form 486 which may have been filed a year or more earlier. Some vendors use this applicant address information, which is included in the BEAR Notification Letter, to mail the subsequent reimbursement check.

We believe that a service provider should not be required to guess where its customer wants its reimbursement check sent. If remittance information was included in the Form 472 itself, this information could be passed to the service provider by the SLD in

the BEAR Notification Letter or captured directly by the service provider during the BEAR acknowledgment process. As is indicated in our form edit comments in Appendix A, there is ample room on the Form 472 to accommodate remittance information.

### **COMMENTS ON FORM 473 (SPAC)**

The obvious differences between the current and revised version for the Form 473 are that in the new version: (a) vendors with multiple SPINs must file a separate SPAC for each SPIN; (b) more explicit information is required for telecommunications carriers; and (c) additional certifications are included.

#### **3. Service area information provided by telecommunications carriers through the new Form 473 (and the related Form 499-A) should be made available to applicants.**

Currently, information on the status of an eligible Telecommunications Carrier is only indicated to applicants by a “Y” in the ETP column of the SLD’s SPIN Search database. As far as most applicants are concerned — and apparently for application review purposes as well — a given SPIN either has a “Y” and can provide eligible telecom services, or it does not. The primary focus of the SLD over the past year has been to validate the “Y” of each carrier.

Item 21 of the new Form 473 suggests that the FCC and SLD are going to pay more attention to the requirement that E-rate discounts on Telecommunications services be made available only through eligible Telecommunications Carriers providing telecom services in their specifically-approved operating areas.

If Telecommunications funding decisions are going to be based on geographic-specific criteria, this information must be made available to applicants in time to affect carrier selection and Form 471 submittal. The simple presence of a “Y” in the SPIN Search database will no longer be enough to verify eligibility; indeed, its very presence will be highly misleading. Operating area data must be made available in the SLD’s SPIN Search database or, at a minimum, the Form 499 Filer ID must be provided to facilitate a search of the FCC 499-A database.

#### **4. A provision should be made in the new Form 473 to permit vendor updates of E-rate contact information.**

A constant problem faced by applicants is finding current E-rate contact information for service providers. Although the SLD’s SPIN Search database contains E-rate contact names, addresses, and telephone numbers, this information is frequently out of date. The primary reason for this is that there is no regularly scheduled mechanism to encourage service providers to validate and/or correct existing contact information. To change contact information under current procedures, providers must proactively file an amended Form 498.

At present, the only real function served by the Form 473 is to assure annual re-certifications of E-rate compliance by service providers. Since this form must be filed annually anyway, a desirable and simple change would be to also use the Form 473 to update the E-rate contact information that appears in the SPIN Search database.<sup>1</sup>

Since the Form 473 is certification oriented, we would suggest that this change be implemented by the addition of one more certification, such as:

**22.** I have reviewed the E-rate contact information associated with this SPIN, as provided in the SLD's SPIN Search database, and certify as follows (please check and complete as necessary):

- The contact information is correct.
- The contact information should be updated to:
  - Service provider name: \_\_\_\_\_
  - E-rate contact name: \_\_\_\_\_
  - Contact address: \_\_\_\_\_
  - \_\_\_\_\_
  - Contact telephone: \_\_\_\_\_
  - Contact Facsimile: \_\_\_\_\_
  - Contact e-mail address: \_\_\_\_\_

### **COMMENTS ON FORM 474 (SPI)**

The only substantive change in the Form 474 is the inclusion of a new field for the FCC RN. Our only comment on this change is that the online service provider invoice process should be changed to also require FCC RN identification both to facilitate enforcement of the Red Light rule and to assist in the collection of FCC RN information for the SLD's SPIN Search database.

### **GENERAL EDITORIAL COMMENTS**

While not critical to the use of these forms, we wish to make the following two general observations:

- We note that these would be the first new versions of forms to be released in several years that do not include OCR boxes in most fields. We understand that the presence of these boxes in other E-rate forms has not effectively facilitated processing. To the contrary, we believe that the OCR boxes have: (a) adversely affect form design; (b) made it more difficult for applicants to complete paper forms either by hand or by computer; and (c), adversely impacted the readability

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<sup>1</sup> Other vendor information, such as remittance contacts and telecom carrier status, should probably continue to be updated through the filing of an amended Form 498.

of completed forms. We applaud the FCC's decision not to include OCR boxes in the design of these forms.

- The overall appearance of all three forms could be improved with more attention to professional form design.

A number of smaller, but more detailed, editorial suggestions are included in Appendix A.

## **SUMMARY**

Given that revisions to these three forms in 2007, we are disappointed to find that two needed changes — remittance contact information on the BEAR and E-rate contact update information on the SPAC — have not been proposed. We encourage the FCC to take a little more time to make these easy changes.

Respectfully submitted,

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Attachment: Appendix A— Editorial Suggestions for Forms 472, 473, and 474

Dated: March 27, 2013

## **Appendix A — Editorial Suggestions for Forms 472, 473, and 474**

### **Form 472**

1. Room to add applicant remittance information (see main comments) on the first page can be made by:
  - a. Move the Applicant's Form Identifier (Item 6) to the left-hand space above Block 1 to make it more consistent with other E-rate forms.
  - b. Change the name from Reimbursement Form Identifier to Applicant Form Identifier (assigned by applicant). This modification is consistent with the other E-rate forms.
  - c. Eliminating Date BEAR Submitted TO(sic) SLD (Item 7) as unnecessary.
2. The reference to a 10-digit number in Column 10 of Block 2 confuses applicants and should be removed.
3. Column 11 of Block 2 is not used and should be removed.
4. Column 12 of Block 2 should ask for the first day of service in form (mm/dd/yyyy) to be consistent with all other dates used in E-rate forms. The column heading should be changed from Customer Billed Date to Date of First Customer Bill Related to this BEAR
5. A column should be added between Columns 14 and 15 on Block 2 for discount rate. This would help eliminate a common cause of BEAR error.
6. The Instructions should clearly indicate that Column 14 should reflect the actual amounts spent and should not be based on the FRN funding cap.
7. The heading of Column 15 of Block 2 would be clearer if entitled "Total Discount Amount to be Reimbursed by SLD."
8. Blocks 3 and 4 should be reversed so that the Billed Entity certification page follows the Service Provider certification page. This would help clarify that the vendor does not need the applicant to sign the BEAR first — a condition imposed by some vendors that essentially requires the applicant's ultimate authorized person to sign an incomplete form.
9. Remittance of payment to the applicant before tendering of USAC payment, as per certification B of Block 4, rarely occurs. If this condition is not going to be followed or enforced, the certification should be eliminated.

10. Consideration should be given to adding a certification in Block 4 indicating that the service provider has filed a Form 473 (SPAC) for the funding year covered by the BEAR.
11. Condition #3 for filing a BEAR, as specified in Page 2 of the instructions should read “The applicant has filed a Form 486 covering the associated FRN(s).” See also condition #2 on Page 3.
12. Consider adding the following topics to the Instructions:
  - a. Clarification that the applicant’s authorized person should sign the BEAR after it has been certified by the service provider (see # 9 above).
  - b. Discussion of BEAR Notification Letters
  - c. Discussion, if implemented, of the “Pass Zero” process for BEAR approvals.<sup>2</sup>
  - d. Remove the reference to preexisting contracts in the second paragraph under Purpose of the Form. The paragraph should start with: The discounts will be effective as of a date following.....

#### **Form 473**

1. The Instructions on when to file a SPAC on Page 2 gives conflicting guidance in the same paragraph, once suggesting filing when the Form 471 window opens, then again suggesting filing after a FCDL is received.

#### **Form 474**

1. Similar comments as provided for the BEAR (i.e., form title, Page 2 identifiers, Column 11 date, and need for a discount rate column).
2. Judicious reorganization of data fields on Page 1, combining and eliminating lines, would permit the inclusion of legal statements now on Page 3. This would reduce the Form 474 by an entire page.<sup>3</sup>
3. The instructions for the Service Provider Invoice form Column (11) - Customer Billed Date, should explicitly state that a service provider cannot bill USAC unless they have already provided the service and invoiced the applicant for the non-discounted share. It is implied from the use of the word “reimbursement” in the first sentence but it needs to be more clearly stated. The instructions currently read:
4. **Column 11 (Customer Billed Date)** Use this Column for reimbursement of bills for recurring services and for multiple installments for non-recurring services. The month and year you enter in this column should be for the first month you provided

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<sup>2</sup> If this process is implemented, it is recommended that applicants automatically be given invoice deadlines for resubmission of not less than 120 days rather than to require them to separately request such extensions.

<sup>3</sup> Similarly, proper attention to the layout of Forms 472 and 473 could probably also save one page each.

services represented by the amount in Column (13). The date must be in month and 4-digit year (mm/yyyy) format and must be within the funding year. For example:

- If you send your customer a monthly bill dated June 15, 2012 for recurring services from July 1 to July 31, you should enter 07/2012.
- If you send your customer a quarterly bill dated November 1, 2012 for recurring services from October 1 to December 31, you should enter 10/2012.
- If you send your customer a bimonthly installment bill dated September 10, 2012 for non-recurring services from September 1 to October 31, you should enter 09/2012.