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TIP OF THE WEEK: SERVICE PROVIDERS: Starting with FY2013, applicants can list their desired Priority 1 services on an FCC Form 470 in EITHER the Telecommunications Services or the Internet Access category of service. If you provide Priority 1 services, you should review postings for either or both categories of service.

Commitments for Funding Years 2012, 2011, and 2010

Funding Year 2012. USAC released FY2012 Wave 19 Funding Commitment Decision Letters (FCDLs) November 29 and will release Wave 20 FCDLs December 4. These waves include commitments for approved Priority 2 (Internal Connections and Basic Maintenance) requests at 90% and denials at 89% and below. As of November 30, FY2012 commitments total just under \$1.56 billion.

Funding Year 2011. USAC released FY2011 Wave 70 FCDLs November 28 and will release Wave 71 FCDLs December 5. These waves include commitments for approved Priority 2 requests at 88% and above and denials at 87% and below. As of November 30, FY2011 commitments total over \$2.47 billion.

Funding Year 2010. USAC will release FY2010 Wave 104 FCDLs December 5. This wave can include commitments for approved Priority 2 requests at all discount levels. As of November 30, FY2010 commitments total over \$3.06 billion.

On the day the FCDLs are mailed, you can check to see if you have a commitment by using USAC's [Automated Search of Commitments](#) tool.

New Version of FCC Form 498 Now Available

Beginning November 26, 2012, all service providers must use the new FCC Form 498 when applying for a new Service Provider Identification Number (SPIN) or when making changes to contact or remittance information to an existing SPIN.

USAC has posted the new [FCC Form 498](#) and [instructions](#) on its website. Earlier versions of this form will not be accepted; service providers who submit an outdated form will receive notice from USAC that the form could not be processed. E-File users will automatically see the newest version of the form upon log in, and their information will pre-populate.

Features of the new FCC Form 498 include:

- an additional field in Block 3 for a company's Federal Registration Number (FRN);
- a column for the Study Area Code Company Name in Block 8;
- the ability for a carrier to designate an alternate bank account for the payment of BEAR funds in Block 11;
- a box in Block 1 and a supplemental information sheet to allow respondents to include information about affiliates;
- an update to the Principal Communications Types in Block 14 to include additional business types as listed on the FCC Form 499-A;
- a box after every program on the form that will allow service providers to cease participation in the associated program without having to deactivate their entire SPIN.

Please contact USAC Customer Operations at (888) 641-8722 (choose option 3) with any questions about the new FCC Form 498.

APPLICATION PROCESS: Eligible Services

Each year, before the FCC Form 471 application filing window opens, the Federal Communications Commission (FCC) releases an [Eligible Services List](#) for the upcoming funding year. This list contains a description of the products and services that will be eligible for discounts, together with additional helpful information such as a list of ineligible products for each category of service and a glossary of

terms. We suggest that you review this list before you prepare your technology plan – if one is required – and before you file an FCC Form 470 to open your competitive bidding process.

Categories of service

There are five categories of eligible services in two funding priorities:

Priority 1

- Telecommunications Services
- Telecommunications
- Internet Access

Priority 2

- Internal Connections
- Basic Maintenance of Internal Connections

The [Eligible Services List for FY2013](#) has been reorganized so that all Priority 1 services appear in the same section. Applicants can list Priority 1 services in either the Telecommunications Services or the Internet Access category of service on the FCC Form 470. (There is not a separate category for Telecommunications on program forms.) Applicants will not be penalized if the Priority 1 category of service for the services on the FCC Form 471 does not match the Priority 1 category of service for those services on the FCC Form 470, as long as the form and/or the RFP contains enough detail on the services requested for service providers to identify services and formulate bids.

- Telecommunications Services

Commonly available telecommunications services eligible for discounts include local and long distance wired telephone service, Interconnected Voice over Internet Protocol (VoIP), cellular phone service, and Centrex service. Digital Subscriber Line (DSL), Primary Rate Interface (PRI), T-1, T-3, and satellite services are also eligible.

Telecommunications services must be provided by a telecommunications carrier, that is, a company that offers telecommunications services on a common carriage basis. You can [Search for SPIN Information](#) on the USAC website to find information about the telecommunications carrier status of a provider.

- Telecommunications

Telecommunications can be lit or dark fiber provided by any entity – *i.e.*, the fiber does not need to be provisioned by a telecommunications carrier. Certain maintenance and installation costs may be eligible under special conditions listed in the Eligible Services List and FCC Orders. Dark fiber is eligible if the applicant lights the fiber immediately; however, the costs for purchasing modulating electronics necessary to light the fiber are not eligible.

On the FCC Form 471, applicants apply for discounts under Telecommunications Services if the fiber is provided by a telecommunications carrier and Internet Access if it is not. As noted above, these services can appear on the FCC Form 470 in either the Telecommunications Services or Internet Access category of service.

- Internet Access

Applicants can apply for discounts on basic conduit access to the Internet, but not on content, equipment purchases, or other services beyond basic conduit access. However, selected services that are an integral component part of an Internet Access service – and other services designated as eligible by the FCC – may be eligible, for example: interconnected VoIP, email service, and web hosting. As noted above, these services can appear on the FCC Form 470 in either the Telecommunications Services or Internet Access category of service.

- Internal Connections

Internal Connections includes products such as routers, switches, hubs, and wiring. Eligible components of Internal Connections are located at the applicant site and must be necessary to transport information to classrooms or publicly accessible rooms of a library. Internal Connections do not include services that extend across a public right-of-way beyond the school or library facility.

Starting with FY2005, under the [Two-in-Five Rule](#), eligible entities can only receive discounts for Internal Connections in two of every five funding years.

- Basic Maintenance of Internal Connections

Basic maintenance services – repair and upkeep of eligible hardware, wire and cable maintenance, basic technical support, and configuration changes – ensure the necessary and continued operation of internal connections components at eligible locations. The components themselves must be eligible for discounts for their associated basic maintenance services to be eligible.

Basic maintenance services must be for actual work performed and parts repaired or replaced. Unbundled warranties or fixed price contracts – other than for software upgrades and patches including bug fixes and security patches, and online and telephone-based technical assistance and tools – are not eligible for reimbursement unless the ineligible portions can be [cost-allocated](#).

Some other eligibility issues to consider

Partial eligibility. If a product or service has both eligible and ineligible uses or components, applicants may still receive discounts on the eligible portion(s) of the product or service. We refer to these products or services as partially eligible. For example:

- A file server may be used both as an email server (an eligible use) and an archive server (an ineligible use).
- A phone service may be delivered to a school run by a church (an eligible location) and to the church office (an ineligible location).

To request discounts on the eligible portion of these products and services, you must do a [cost allocation](#). There is not a single approved method to allocate eligible and ineligible costs. The method you choose must use tangible criteria to reach a realistic result.

Conditional eligibility. Products and services may be eligible under certain conditions but not others. We refer to these products or services as conditionally eligible. For example:

- Basic maintenance is only eligible if it is for eligible products and services.
- A file server is conditionally eligible based on the tasks being performed. For example, if a server is being used for email, DHCP, or DNS service, the server is eligible. However, if a server is being used for running applications or archiving, the server is ineligible.

The product or service can be eligible for discounts if the appropriate conditions are met.

Ancillary use. If a product or service contains an ineligible feature that is not significant and strictly [ancillary](#) to the principal uses of the product or service and the ineligible feature is not offered or priced separately, the full product or service may be eligible for E-rate discounts and may not require a cost allocation if certain other requirements are met.

On-premise Priority 1 equipment. Equipment owned by the service provider but located at the applicant site and leased by the applicant can be eligible for discounts as a Priority 1 service if it meets specific conditions. We refer to this equipment, if eligible, as [on-premise Priority 1 equipment](#).

Wide area networks. A [wide area network](#) (WAN) is a voice, data, or video network that provides connections from one or more computers or networks within an eligible school or library to one or more computers or networks that are external to such eligible school or library. Under certain conditions, leased WAN services can be eligible for discounts.

Educational purposes. Services must not only be eligible, but must also be delivered to eligible locations and used primarily for educational purposes. The presumption is that activities that occur on school or library property fall under the definition of [educational purposes](#) but certain special conditions may apply.

For more information on eligible services, refer to the guidance documents linked to the [Eligible Services Overview](#) on the USAC website.

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