



**Universal Service Administrative Company**  
Schools & Libraries Division

Mel Blackwell  
Vice President

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March 8, 2007

Mr. Thomas J. Navin  
Chief, Wireline Competition Bureau  
Federal Communications Commission  
445 12<sup>th</sup> St., SW  
Washington, DC 20554

RE: In the Matter of Schools and Libraries Universal Service Support Mechanism,  
CC Docket No. 02-6, Estimate of Demand for Funding Year 2007

Dear Mr. Navin:

USAC's estimate of demand for Schools and Libraries Universal Support Mechanism discounts for Funding Year 2007 (July 1, 2007 to June 30, 2008) is \$3.69 billion. This estimate is based on total funds requested in 40,354 applications received or postmarked on or before February 8, 2007, the close of the Form 471 filing window. A table showing demand by service type and discount band is attached to this letter.

The total estimated demand for Funding Year 2007 increased approximately \$140 million (3.9 percent) from the estimated demand for Funding Year 2006 of \$3.55 billion. Estimated demand for Priority One funding (telecommunications services and Internet access) is \$1.79 billion, an increase of 6.4 percent, while estimated demand for Priority Two funding (internal connections other than basic maintenance and basic maintenance of internal connections) is \$1.90 billion, an increase of 1.8 percent. Estimated demand for Priority 2 services at the 90 percent discount rate decreased by \$44 million (5.8 percent), to a total of \$712 million.

For Funding Year 2007, 98.4 percent of timely applications were filed online, up from 98.0 percent in Funding Year 2006 and 94.5 percent in Funding Year 2005. In addition, 74.5 percent of Form 471 certifications were filed online, which was essentially the same as Funding Year 2006.

USAC's reviews will ultimately reduce the Funding Year 2007 demand from the estimated level. First, while USAC has made every effort to eliminate duplicate funding requests from this estimate, inevitably we will discover more duplication as we process these applications. Second, USAC's efforts to assure that funds are committed only for eligible services for use by eligible entities with the appropriate discount rate and otherwise consistent with program rules will further reduce the demand.

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I would be happy to answer any questions you may have regarding this information. Thank you for your consideration as USAC prepares to launch the Funding Year 2007 commitment process.

Sincerely,

A handwritten signature in dark ink, appearing to read "Mel Blackwell", with a long horizontal flourish extending to the right.

Mel Blackwell  
Vice President

Attachment

cc: Marlene H. Dortch, Secretary, FCC  
Anthony Dale, Managing Director, FCC  
D. Scott Barash, USAC  
Richard Belden, USAC



UNIVERSAL SERVICE ADMINISTRATIVE COMPANY  
SCHOOLS AND LIBRARIES SUPPORT MECHANISM  
ESTIMATE OF YEAR 2007 DEMAND (POST-DISCOUNT)  
March 8, 2007

Discount	Priority 1			Priority 2			TOTAL	% of Total
	Telcomm Services	Internet Access	Subtotal	Internal Connections Other than Basic Maintenance	Basic Maintenance of Internal Connections	Subtotal		
20:29	\$2,087,924	558,260	\$2,646,184	\$143,268	\$32,098	\$175,366	\$2,821,550	0.1%
30:39	\$7,156,258	1,109,131	\$8,265,389	276,827	40,922	\$317,749	\$8,583,138	0.2%
40:49	111,119,750	27,829,613	\$138,949,362	9,949,006	1,377,201	\$11,326,207	\$150,275,570	4.1%
50:59	142,781,796	35,096,226	\$177,878,022	31,922,035	1,875,003	\$33,797,038	\$211,675,060	5.7%
60:69	216,729,188	54,961,403	\$271,690,591	42,945,804	4,495,554	\$47,441,358	\$319,131,949	8.7%
70:79	330,142,272	115,401,704	\$445,543,976	110,085,295	11,207,466	\$121,292,761	\$566,836,737	15.4%
80:89	452,231,171	99,532,529	\$551,763,700	849,840,962	121,327,574	\$971,168,535	\$1,522,932,235	41.3%
90:90	141,135,932	54,336,152	\$195,472,084	592,445,238	119,208,302	\$711,653,540	\$907,125,625	24.6%
<b>TOTAL</b>	<b>\$1,403,384,291</b>	<b>\$388,825,018</b>	<b>\$1,792,209,308</b>	<b>\$1,637,608,435</b>	<b>\$259,564,120</b>	<b>\$1,897,172,555</b>	<b>\$3,689,381,864</b>	<b>100.0%</b>
% of Total	38.0%	10.5%	48.6%	44.4%	7.0%	51.4%	100.0%	

These figures represent the total universe of Year 2007 requests received inside the filing window: a total of 40,354 applications as of February 8, 2007. This estimate includes both those requests for which the certifications were received and postmarked by the deadline of February 8, 2007 as well as those applications completed online by the deadline of February 8, 2007 that are awaiting certification. The totals above may reflect some duplicate applications. These requests are as submitted by the applicants and not yet reviewed for compliance with program rules.