

February 29, 2008

Dana R. Shaffer  
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 2008

Dear Ms. Shaffer:

USAC's estimate of demand for Schools and Libraries Universal Service Support Mechanism discounts for Funding Year 2008 (July 1, 2008 to June 30, 2009) is \$4.3 billion. This estimate is based on total funds requested in 39,909 applications received or postmarked on or before February 7, 2008, 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 2008 increased approximately \$618 million (16.75 percent) from the estimated demand for Funding Year 2007 of \$3.69 billion. Estimated demand for Priority One funding (telecommunications services and Internet access) is \$1.95 billion, an increase of 9.1 percent, while estimated demand for Priority Two funding (internal connections other than basic maintenance and basic maintenance of internal connections) is \$2.35 billion, an increase of 23.7 percent. Estimated demand for Priority 2 services at the 90 percent discount rate increased by \$355 million (49.9 percent), to a total of \$1.07 billion. USAC is analyzing the reasons for the increase in demand compared to Funding Year 2007.

For Funding Year 2008, 98.2 percent of timely applications were filed online, essentially the same as the 98.4 percent from Funding Year 2007. In addition, 79.7 percent of Form 471 certifications were filed online, which was up from 74.5 percent in Funding Year 2007.

USAC's reviews will ultimately reduce the Funding Year 2008 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 2008 commitment process.

Sincerely,



Mel Blackwell  
Vice President

Attachment: FY2008 Demand Estimate

cc: Marlene H. Dortch, Secretary, FCC  
Anthony Dale, Managing Director, FCC



UNIVERSAL SERVICE ADMINISTRATIVE COMPANY  
SCHOOLS AND LIBRARIES SUPPORT MECHANISM  
ESTIMATE OF YEAR 2008 DEMAND (POST-DISCOUNT)  
February 25, 2008

	Priority 1			Priority 2		TOTAL	% of Total
	Telecomm Services	Internet Access	Subtotal	Internal Connections Other than Basic Maintenance	Basic Maintenance of Internal Connections		
20:29	\$1,976,574	\$647,251	\$2,623,824	\$74,642	\$53,824	\$2,752,290	0.1%
30:39	\$7,755,389	\$1,180,454	\$8,935,843	\$23,868	\$33,903	\$8,993,615	0.2%
40:49	\$116,284,261	\$30,865,735	\$147,149,997	\$4,158,690	\$995,987	\$152,304,674	3.5%
50:59	\$156,180,742	\$35,145,779	\$191,326,521	\$49,708,778	\$1,770,472	\$242,805,771	5.6%
60:69	\$242,037,719	\$61,840,007	\$303,877,726	\$28,107,608	\$3,517,601	\$335,502,935	7.8%
70:79	\$369,359,550	\$166,804,477	\$536,164,027	\$63,694,798	\$7,202,717	\$607,061,541	14.1%
80:89	\$444,765,457	\$97,349,097	\$542,114,554	\$988,598,968	\$137,966,668	\$1,668,680,190	38.7%
90:90	\$160,828,908	\$61,947,506	\$222,776,413	\$946,646,958	\$120,047,993	\$1,289,471,365	29.9%
<b>TOTAL</b>	<b>\$1,499,188,600</b>	<b>\$455,780,306</b>	<b>\$1,954,968,906</b>	<b>\$2,081,014,310</b>	<b>\$271,589,165</b>	<b>\$4,307,572,380</b>	100.0%
% of Total	34.8%	10.6%	45.4%	48.3%	6.3%	54.6%	100.0%

These figures represent the total universe of Year 2008 requests received inside the filing window: a total of 39,909 applications as of February 7, 2008. This estimate includes both those requests for which the certifications were received and postmarked by the deadline of February 7, 2008 as well as those applications completed online by the deadline of February 7, 2008 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.