

March 10, 2009

VIA E-MAIL AND FIRST-CLASS MAIL

Julie Veach
Deputy Bureau Chief, Wireline Competition Bureau
Federal Communications Commission
445 12th 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 2009

Dear Ms. Veach:

USAC's estimate of demand for Schools and Libraries Universal Service Support Mechanism discounts for Funding Year 2009 (July 1, 2009 to June 30, 2010) is \$3.99 billion. This estimate is based on total funds requested in 40,140 applications received or postmarked on or before February 12, 2009, 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 2009 decreased approximately \$322 million (7.5 percent) from the estimated demand for Funding Year 2008 of \$4.3 billion. Estimated demand for Priority One funding (telecommunications services and Internet access) is \$2.04 billion, an increase of 4.3 percent, while estimated demand for Priority Two funding (internal connections other than basic maintenance and basic maintenance of internal connections) is \$1.94 billion, a decrease of 17.4 percent. Estimated demand for Priority 2 services at the 90 percent discount rate decreased by \$259 million (24.2 percent), to a total of \$808 million. For Funding Year 2009, 98.3 percent of timely applications were filed online, essentially the same as the 98.2 percent from Funding Year 2008. In addition, 79.3 percent of Form 471 certifications were filed online, which was essentially the same as last year.

USAC's reviews will ultimately reduce the Funding Year 2009 demand from the estimated level set forth in this letter and the attachment. 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 2009
commitment process.

Sincerely,

A handwritten signature in black ink that reads "Mel Blackwell". The signature is written in a cursive style with a long, sweeping tail on the "l" at the end.

Mel Blackwell
Vice President

Attachment: FY2009 Demand Estimate

cc: Marlene H. Dortch, Secretary, FCC (via electronic filing)
Anthony Dale, Managing Director, FCC (via e-mail only)
Mark Stephens, Chief Financial Officer, FCC (via e-mail only)
Mark Stone, Deputy Managing Director, FCC (via e-mail only)



Estimate of Demand (Post Discount)

2009

FRN 10% Stratification Report

Report Data as of COB: Wednesday, March 04, 2009

	<u>Telecom Services</u>	<u>Internet Access</u>	<u>Priority 1</u>	<u>Internal Connections</u>	<u>Basic Maintenance</u>	<u>Priority 2</u>	<u>Total</u>	<u>Percent</u>
20:29	\$1,958,928.01	\$874,045.37	\$2,832,973.38	\$8,075.66	\$44,227.13	\$52,302.79	\$2,885,276.17	0.1%
30:39	\$6,345,638.14	\$1,168,369.16	\$7,514,007.30	\$31,449.84	\$21,365.12	\$52,814.96	\$7,566,822.26	0.2%
40:49	\$118,622,561.18	\$29,219,035.16	\$147,841,596.34	\$1,538,907.92	\$775,910.37	\$2,314,818.29	\$150,156,414.63	3.8%
50:59	\$142,783,035.35	\$32,444,900.97	\$175,227,936.32	\$44,887,349.02	\$2,655,585.69	\$47,542,934.71	\$222,770,871.03	5.6%
60:69	\$252,818,248.92	\$67,119,377.06	\$319,937,625.98	\$13,307,604.21	\$3,421,343.80	\$16,728,948.01	\$336,666,573.99	8.4%
70:79	\$351,766,638.09	\$100,604,632.59	\$452,371,270.68	\$45,502,823.63	\$6,252,781.11	\$51,755,604.74	\$504,126,875.42	12.6%
80:89	\$489,271,479.74	\$189,801,397.19	\$679,072,876.93	\$861,568,275.22	\$154,455,351.08	\$1,016,023,626.30	\$1,695,096,503.23	42.5%
90:90	\$184,575,032.12	\$74,057,730.56	\$258,632,762.68	\$659,492,762.17	\$148,638,467.88	\$808,131,230.05	\$1,066,763,992.73	26.8%
TOTAL	\$1,548,141,561.55	\$495,289,488.06	\$2,043,431,049.61	\$1,626,337,247.67	\$316,265,032.18	\$1,942,602,279.85	\$3,986,033,329.46	100.0%
	38.8%	12.4%	51.3%	40.8%	7.9%	48.7%	100.0%	

Notes:

1. These figures represent the total universe of requests received inside the filing window. The estimate includes those requests for which the certifications were received and postmarked by the deadline as well as those applications completed online by the deadline 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.

Fund Year: **2009**
 Apps Received: **40,140**
 FRNS: **124,983**
 Total Post Discount: **\$3,986,033,329.46**
 Deadline (Window Close): **2/12/2009 11:59:59 PM**