



Federal Communications Commission
Washington, D.C. 20554

August 18, 2015

David Case
Vice President of Finance and Chief Financial Officer
Universal Service Administrative Company
2000 L Street, N.W.
Suite 200
Washington, D.C. 20036

Re: Procedures for Establishing and Collecting Universal Service Debt

Dear Mr. Case:

The Debt Collection Improvement Act (DCIA) requires the Federal Communications Commission (Commission) to establish that Universal Service Fund (USF) debt is owed.¹ This letter provides the Universal Service Administrative Company (USAC) with DCIA-compliant debt collection procedures to follow when attempting to collect debt owed to the Universal Service Fund. In particular, these procedures specify the steps USAC should take before issuing demand letters to recover debt and before referring debt to the U.S. Treasury.

Concerning all debt for which an appeal has not been timely filed: Prior to issuing demand for any such debt, USAC shall submit to the CFO or his designee all of the information and documents listed on the attachment to this letter, including a detailed explanation of the legal and factual bases for the determination. Following receipt of this information, the CFO or designee will: (1) determine that the debt amount is owed and instruct USAC to send a demand letter; (2) request any additional information needed to determine whether a debt is owed; or (3) determine and communicate to USAC that debt is not owed. USAC shall not issue the initial demand letter until the CFO or his designee instructs USAC to do so. Once the CFO or his designee has approved issuance of an initial demand letter, USAC may send subsequent demand letters for the debt without further instruction from the CFO or his designee.

In instances where a Commission order or a final non-appealable Wireline Competition Bureau order finds liability for USF debt: USAC is not required to follow the above procedure before issuing a

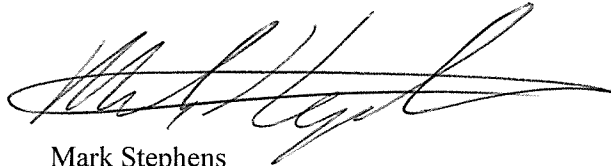
¹ Debt Collection Improvement Act, 31 U.S.C. §3701, *et seq.*; Treasury's regulations, found at 31 C.F.R. §285.1, *et seq.*; the Federal Claims Collection Standards ("FCCS"), found at 31 C.F.R. §900.1, *et seq.*; the Commission's debt collection regulations at 47 C.F.R. §1.1901 *et seq.*; OMD Circular No. A-129, "Policies for Federal Credit Programs and Non-Tax Receivables"; and Treasury Financial Manual, Volume 1, Part 4, Chapter 4000 "Debt Management Services Collection of Delinquent Non-Tax Debt" (Oct. 18, 2011).

demand for return of the funds. Nevertheless, please notify the CFO or his designee of USAC's intention to issue a demand letter in such circumstance(s).

Before referring USF debt to the U.S. Treasury, USAC is instructed to provide the CFO or his designee with the information delineated in the attachment to this letter. After review, the CFO or his designee, will: (1) approve USAC's referral of the debt to Treasury; (2) decline to approve referral and request any additional information needed to determine whether referral is appropriate; or (3) decline to approve referral with an explanation of the basis of the declination. USAC shall not refer any debt to Treasury without authorization from the CFO or his designee.

Commission staff will coordinate with USAC concerning ways to consolidate submissions to OMD of debt arising from ministerial or arithmetic error and debt referral to Treasury into batch submissions. We look forward to working with the USAC to establish the debt collection procedures detailed above. After you have had a chance to review this letter, please let us know when it would be convenient to meet to discuss implementation of the procedures and any questions you have.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark Stephens', written in a cursive style with a long horizontal flourish extending to the right.

Mark Stephens
Chief Financial Officer
Federal Communications Commission

ATTACHMENT

Information Required to Establish Debt

E-Rate	Rural Health Care	High-Cost	Lifeline
Debtor's name, current address, and contact person	Debtor's name, current address, and contact person	Debtor's name, current address, and contact person	Debtor's name, current address, and contact person
Form 471 Application Number	Funding Request Number (Health Care Providers (HCP) submit Form 466 or 462 and USAC tracks it by FRN)	Study Area Code (SAC) (Carriers submit requests for reimbursement through various sources, however, USAC tracks the reimbursement requests through the SAC number)	Study Area Code (SAC) (Carriers submit requests for reimbursement through the Form 497, however, USAC tracks the reimbursement requests through the SAC number. Program does not assign a unique number to the Form 497)
Funding Year	Funding Year	Funding Month(s)	Funding Month(s)
Billed Entity Number	HCP Number	SAC Number	SAC Number
FCC Registration Number	FCC Registration Number	FCC Registration Number	FCC Registration Number
Service Provider Identification Number (SPIN)	Service Provider Identification Number (SPIN)	Service Provider Identification Number (SPIN)	Service Provider Identification Number (SPIN)
Funding Request Number	Funding Request Number	SAC Number	SAC Number
Services order	Services Order	Various types of support services include: HCL, ICLS, SNA, SVS, Mobility Fund, CAF ICC, IS, Frozen Support	Services are reimbursements for discounts provided to subscribers
Overpayment amount	Overpayment amount	Overpayment amount	Overpayment amount
Copies of the CAL/RIFD and the beneficiary's written response(s)	COMAD Letter and the beneficiary's written response(s)	Notification Letter and Invoice	Notification Letter and Invoice
Legal basis for recovery, including citation to applicable rule(s), order(s), and statutory violation. The legal basis or recovery shall be supported by an explanation of factual basis for and documents	Legal basis for recovery, including citation to applicable rule(s), order(s), and statutory violation. The legal basis or recovery shall be supported by an explanation of factual	Legal basis for recovery, including citation to applicable rule(s), order(s), and statutory violation. The legal basis or recovery shall be supported by an explanation of factual basis for and	Legal basis for recovery, including citation to applicable rule(s), order(s), and statutory violation. The legal basis or recovery shall be supported by an explanation of factual basis for and

supporting determination that the violation occurred and overpayment amount	basis for and documents supporting determination that the violation occurred and overpayment amount	documents supporting determination that the violation occurred and overpayment amount	documents supporting determination that the violation occurred and overpayment amount
Any other information USAC believes relevant to a determination that debt is owed.	Any other information USAC believes relevant to a determination that debt is owed.	Any other information USAC believes relevant to a determination that debt is owed.	Any other information USAC believes relevant to a determination that debt is owed.
If an appeal was not filed, indicate when the time for filing an appeal lapsed.	If an appeal was not filed, indicate when the time for filing an appeal lapsed.	If an appeal was not filed, indicate when the time for filing an appeal lapsed.	If an appeal was not filed, indicate when the time for filing an appeal lapsed.

Information Required to Determine Whether to Transfer USF Debt to U.S. Treasury

- Debtor’s name, current address, and contact person
- FCC Form 499 ID Number, and Tax Identification Number/Employer Identification Number
- Address(es) to which invoices and demand letters were sent
- Date of each notification/commitment adjustment/recovery letter and demand letter/invoice
- Original due date of debt
- Original amount due
- Accrued interest
- DCIA penalty amount
- Other charges (itemized)
- Payments credited
- Total amount due
- Number of days debt delinquent
- If an appeal was not filed, indicate when the time for filing an appeal lapsed or lapses.
- If an untimely appeal was filed, indicate how such appeal was resolved.
- Indicate whether the debtor requested a waiver of any portion of the debt and the status and outcome of the waiver request. Include copies of any decision(s) applicable to the waiver request.
- Indicate whether the debtor is in bankruptcy, receivership or any similar proceedings in federal or state court. Provide case information (court, date filed, case number). In addition specify whether continued collection of the COMAD debt has been stayed or enjoined, providing relevant citations and copies of any court orders issued which either stay collection or permit collection to continue.
- Indicate whether the debtor requested a compromise of debt or a repayment plan and the status and outcome of the request. Include copies of any decision(s) applicable to the request for compromise or repayment plan.
- Any other information USAC believes relevant to the question of whether transfer of the debt to the U.S. Treasury for further collection is appropriate.