



Federal Communications Commission
Washington, D.C. 20554

June 7, 2007

Mr. Scott Barash
Acting Chief Executive Officer
Universal Service Administrative Company
2000 L Street NW, Suite 200
Washington, DC 20036

Dear Mr. Barash:

According to the Universal Service Administrative Company's Federal Universal Service Support Fund Size Projections for the Third Quarter 2007 filed May 2, 2007, \$650 million in unused funds from Funding Years 2001 through 2004 is available to carry forward to increase disbursements to schools and libraries via the schools and libraries universal service mechanism. Section 54.507(a)(2) of the Commission's rules states, in pertinent part, that "all funds that are collected and that are unused from prior years shall be available for use in the next full funding year of the schools and libraries mechanism in accordance with the public interest, and notwithstanding the annual cap."

Consistent with the Commission's rules, we direct USAC to apply the \$650 million in unused funds from Funding Years 2001, 2002, 2003 and 2004 to increase disbursements to schools and libraries in Funding Year 2007 in excess of the annual cap.

If you have any questions, please feel free to contact me at 202-418-1304.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas Navin", written over the word "Sincerely,".

Thomas Navin
Chief, Wireline Competition Bureau

cc: Daniel Gonzalez
Anthony Dale