



Federal Communications Commission
Washington, D.C. 20554

June 29, 2009

Scott D. Barash
Acting Chief Executive Officer
Universal Service Administrative Company
2000 L St. NW, Suite 2000
Washington, DC 20036

Dear Mr. Barash:

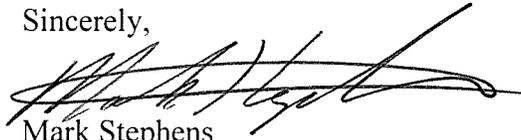
We are hereby authorizing USAC to start the process of collecting the information from universal service fund (USF) beneficiaries necessary to make electronic payments from the USF effective as of September 1, 2009. USAC has had informal discussions with Commission staff regarding electronic payments and has suggested that language in the Commission's *Second Report and Order* (FCC 03-101) might prohibit it from making electronic payments to certain beneficiaries. With this letter, we clarify that the *Second Report and Order* does not prohibit USAC from making payments electronically.

The Debt Collection Improvement Act of 1996, which the Commission is required to follow, makes electronic payments mandatory and this requirement extends to the administration of the USF. Further, 47 CFR 54.514(b) does not prohibit USAC from making payments electronically so long as the monies, when deposited, are remitted to the beneficiary within the required 20 days. At this time, no rule changes are necessary for the Commission to require USAC to make electronic payments.

Thus, we now direct USAC to take all necessary steps required to make payments from the USF electronically. In order for a beneficiary to receive reimbursement from the USF, it must provide USAC with all the necessary banking information or it will not receive payment. Not only is this new requirement mandated by the Debt Collection Improvement Act of 1996, but it will facilitate achievement of the Commission's goal of ensuring that the USF is free of potential fraud, waste, and abuse. We understand that this requirement may be met with some resistance from the USF community and may be burdensome in some respects. It is, however, essential that we take this step to preserve the integrity of the fund as we go forward in our efforts to make all transactions from the fund more efficient.

If you have any questions regarding this letter, do not hesitate to contact me at 202-418-0817.
Thank you for your assistance with this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark Stephens', written over a horizontal line.

Mark Stephens
Chief Financial Officer

cc Mary Beth Richards
Mindy Ginsburg