

Instructions for Filling in the Form 471
Optional Pre-Discount Cost Calculation Grid

Purpose of Optional Grid

The Form 471 Optional Pre-Discount Cost Calculation Grid ("Grid") is available to the 471 billed entity applicant to assist the applicant in completing Form 471, Block 5, Items 15 & 16, Columns 8 - 10. Furthermore, this Grid may be used as the attachment called for in Item 17 of the Form 471 Application. In particular, the Grid assists in the following allocations that may be required to compute the pre-discount cost:

- identification of the cost of eligible and ineligible services which may be combined together or "bundled" in one price;
- identification of the cost of eligible services used for eligible, educational purposes;
- identification of the cost of eligible services shared among eligible and ineligible entities;
- identification of the eligible cost of Internet service provider packages which provide content and access.

As a starting point for filling in the Pre-discount Cost Calculation Grid, please review and have handy:

- the Instructions to the Form 471 Application;
- 471 Application Guidance Materials featured on the SLC Web Site as of March 31, 1998. In particular, the "Assignment of the Funding Request Number," "Eligible Services List," the Cost Allocation Guidelines for Consortia Comprising Eligible and Ineligible *Entities* and for a *Service* that Contains Eligible and Ineligible Components;
- The SLC Fact Sheet on Administrative Buildings as posted to the SLC Web Site <www.sl.universalservice.org> on April 2, 1998.

Please note that this grid is optional. The SLC has developed this Grid as a tool to assist Form 471 applicants and service providers to assure that the cost of the discounts are computed accurately by the Form 471 applicant and are computed accurately on service providers' invoices. Form 471 applicants are encouraged to consult with their service providers to assure that both parties have the information necessary to calculate the applicants' discounts. The SLC encourages Form 471 applicants to use this Grid to accurately compute their pre-discount costs.

The information set forth in the Form 471 Pre-discount Cost Calculation Grid may also be useful to the Form 471 applicant's service providers, to enable the service providers to apply accurately the discount percentage to the invoices and bills charged to the Form 471 applicant and to the Schools and Libraries Corporation.

Specific Instructions

Fill in a separate Grid for each separate row completed on Form 471, Block 5, Items 15 & 16. Do so even if the same service provider is providing more than one category of services. For example, if your Form 471 Application contains (under Column 6 of Item

15/16) requests for telecommunications services, Internet access and internal connections, all from the same service provider, the Form 471 applicant would complete three separate Pre-discount Cost Calculation Grids: a Grid for telecommunications services, Internet access and internal connections. Of course, with different providers, separate Grids will also be necessary

Important Note: SLC may assign to each line in Items 15 and 16, Column 6, a "Funding Request Number." SLC may approve or disapprove requests for universal service support or discounts at the Funding Request Number level. If SLC determines that the pre-discount costs in any services ordered line item (Funding Request Number) include costs for ineligible services or for services to be provided to ineligible entities or for ineligible purposes, SLC will disapprove funding for that entire services ordered line item (Funding Request Number). This outcome will occur even though the services ordered line item (Funding Request Number) may also include support requested for eligible services to be provided to eligible entities. Therefore, applicants are asked to read closely the SLC Eligible Services List (featured in the Reference Area of the SLC Web Site under "471 Application Guidance") and to calculate carefully the allocation of costs. Breaking down services into very discrete components on your Form 471 Application and on this Grid will help you comply with the program rules.

Block A: General Information

Block 1 of the Form 471 Pre-Discount Cost Calculation Grid asks for general information in order to connect this Grid to your Form 471. ("You" refers hereinafter to the applicant - eligible schools, libraries and library consortia and those filing on their behalf.)

Box 1 - Provide your name as stated in Block 1 of the corresponding Form 471, and the contact name and phone number from Item 6 of the Form 471 Application.

Box 2 - Provide the Universal Service Control Number for the Form 470 on which the particular row of Item 15/16 of the Form 471 Application is based.

Box 3a - Provide the SLC Service Provider Identification Number (SPIN) if you know it, as well as the Full Legal Name of your Service Provider. If you do not know your Service Provider's SPIN number, check with your provider, who may receive an assigned SPIN number by calling the Universal Service Administrative Company (USAC) at the toll free number 888-641-8722. Requests for SPIN assignments from service providers may also be faxed to the USAC toll-free at (888) 637-6226. The Form 471 applicant and service providers should work together to provide this information on the Pre-Discount Cost Calculation Grid. SLC strongly encourages the applicant to fill in the SPIN for each service provider as the applicant completes the Form 471; however, if the applicant cannot obtain the SPIN, the Form 471 should identify the full legal name of the service provider, and the application will still be accepted by SLC.

Box 3b - Provide the contract or tariff number from Form 471, Block 5, Item 15/16, Column 3 to assist the SLC in linking this grid to the relevant row in your application.

Box 4 - Check the appropriate Services or Products category(ies) from Form 471, Block 5, Items 15 & 16, Column 6 (Shared Services - Telecommunications Services, Internet Access, Internal Connections (Shared); Site Specific Services - Dedicated Services, Internal Connections) for which you are completing the Grid. Please consult the Form 471 instructions, Block 5: Services Ordered for more information about these various service/product categories.

Box 5 - Identify the discount percentage to be applied to the Services Ordered which will be identified in Column 2 of Box 6 in Block B below (listed on the row of Column 6 of Items 15/16 of your 471 Application). This is the same discount amount that you will list in Column 11 of Items 15/16 of your 471 application. This will enable the applicant to keep track of the discount for each applicable category of services in Items 15 and 16. The discounts in Item 15 can potentially vary depending on whether all of the entities will be sharing the services within five years as explained on page 13 of the Instructions for Completing the FCC Form 471.

Block B: Services Ordered Information

You are encouraged to work with your service provider to document and fill in the details of this Grid. As noted, this Grid should be prepared for each row of Column 6 in Items 15/16 of your Form 471 Application. In turn, this information may be used by your service provider to insure that discounts are applied accurately to your accounts when it submits invoices.

Box 6, Column 1 - Provide the service provider's billing account identifier. This may be a billed telephone number, working telephone number, account number, contract number, purchase order number, etc. Your service provider will need this information to apply accurately the approved discounts to your services when it presents its invoices to SLC. If you cannot readily identify this information, your service provider should be able to supply the billing account identifier to you.

Box 6, Column 2 - On each row, list the service or product that you will include in the line item of Form 471, Block 5, Items 15 & 16, Column 6 (Shared Services - Telecommunications Services, Internet access, Internal Connections (Shared; Site Specific Services - Dedicated Services, Internal Connections) for which you are preparing this Grid. You may have a single entry or multiple entries in this Column, depending on the number of different components of services/products that you choose to include in each Funding Request Number (separate row of Column 6 of Items 15/16 of your Form 471 application). If you choose to fill in a separate row for each component of service cited in Column 6 of Items 15/16 of your Form 471 Application, then you will have only one entry in Column 2 of this Grid. Alternatively, if you choose to group several services of the same type in one Funding Request Number (separate row of Column 6 of Items 15/16 of your Form 471 Application), then you will have multiple entries to fill in Column 2 of this Grid.

Box 6, Column 3 - For each service description identified in Column 2, identify the quantity of the service/product ordered.

Examples of how to complete Columns 2 and 3

If you are requesting support under telecommunications services for telephone lines, features, data services, or usage, list specific items in the contract on a separate row. Please indicate as well the quantity of such items, as appropriate (e.g. 25 features, 10 ISDN lines, 3 T-1 connections, etc.) in Column 3.

If you are requesting support under internal connections for wiring, equipment, local area networks, inside wire maintenance plans, etc., identify each item included in the contract in Column 2. In Column 3, identify the items ordered such as number of routers, buildings wired, installation & maintenance contracts, etc.

If you are requesting support for Internet access, identify Internet access in Column 2 and identify the number of dial-up or direct connections ordered in Column 3.

Box 6, Column 4 - For each of the services or products listed, the Grid provides for the identification of the one-time (non-recurring) pre-discount charges. If, however, you expect to pay a non-recurring charge in multiple installments over the funding year, you should amortize this estimate as part of the monthly charges in Column 4 of this Grid and exclude it from Item 6 of this Grid. You should consult your service provider (or refer to previous bills) to determine the appropriate charges to identify in this Column.

Box 6, Column 5 - For each of the one-time (non-recurring) pre-discount charges, you should also estimate the applicable taxes, surcharges, surcredits, end user line charges (EUCL), primary interexchange carrier charges (PIC-C), etc. You should consult with your service provider (or refer to previous bills) to determine the appropriate additional associated charges.

Box 6, Column 6 - You should estimate the unit monthly price for recurring charges which you will incur on a monthly basis. (A "unit" corresponds to one of the services/products for which you entered a quantity in Column 3.) You should consult with your service provider (or refer to previous bills) to determine the appropriate charges to identify in this column.

Box 6, Column 7 - For each of the monthly unit pre-discount charges, estimate the applicable taxes, surcharges, surcredits, end user line charges (EUCL), PIC-C charges, etc. You should consult with your service provider (or refer to previous bills) to determine the appropriate additional associated charges.

Box 6, Column 8 - Provide the number of months for which discounts are being requested for the monthly charges. The number of months cannot exceed 12 months in any funding year. Please refer to the [SLC Fact Sheet on Service Start Date](#) as posted to the SLC Web Site <www.sl.universalservice.org> on April 1, 1998 (Items 15/16, Column 7) for further information regarding the appropriate service start date.

Box 6, Column 9 - Calculate the total annual monthly charges by adding Columns 6 and 7, multiplying by Column 3, and multiplying the product by Column 8 (number of months).

Box 6, Column 10 - This column will allow you to identify which of the services identified in Column 2 are eligible for discounts, ineligible for discounts, or partially eligible for discounts because; (a) the product or service comprises both eligible and ineligible components; and/or (b) the service may be used for eligible, educational purposes or ineligible uses.

(1) The first step is to determine whether a service is eligible or ineligible for discounts. You should refer to the list of eligible services on the SLC Web Site <www.sl.universalservice.org> to determine whether a particular service may be eligible for discounts. If the service is ineligible for discounts, then input 0% in Column 10.

(2) If the service is an eligible service, then the second step is for the applicant to determine whether the service comprises both eligible and ineligible components. If the service does comprise both eligible and ineligible components, then the applicant must compute the amount of the service that can be attributed to the eligible components. You should base calculations for bundled services (eligible and ineligible) on the [SLC Cost](#)

[Allocation Guidelines](#) for a Service that Contains Eligible and Ineligible Components issued March 17, 1998 and posted at <www.sl.universalservice.org>. As the SLC Cost Allocation Guidelines state, discounts may be applied to contracts which cover both eligible or ineligible services or components, provided that the pre-discount price reflects the cost of only the eligible services or components as reduced by any applicable price reduction generated through the bundling of services.

(3) Based on the above calculations, compute a percentage of eligibility by dividing the amount of eligible charges by the total amount of charges for the service.

Box 6, Column 11 - For each service or product listed on the Grid, indicate whether the service or product is shared by eligible and ineligible non-school or library entities. When you share a service with an ineligible entity, the provider may only receive support for that portion of the service that eligible entities are receiving. Note that services to administrative buildings of schools, school districts and libraries are eligible only if they are part of the network of shared services for learning. You must keep records that indicate how you have allocated the costs of the shared services or products. If the service or product is shared, you must calculate the portion eligible for support and indicate that percentage in this column (1% - 99%). You should compute these percentages in accordance with the SLC Cost Allocation Guidelines for Consortia Comprising Eligible and Ineligible Entities issued March 17, 1998 and posted at <www.sl.universalservice.org>.

For example, if the toll charges under a telecommunications services contract are aggregated at a consortium level of eligible and ineligible entities, you must estimate the percentage of usage that is associated with the eligible entities. In another example, if a T-1 service is shared with an ineligible entity you must estimate the number of channels that are associated with the eligible entities and indicate that percentage in Column 11.

You are required to maintain careful records documenting the use by the eligible entities to help auditors confirm that the rule for shared services with eligible and ineligible entities is being observed.

Box 6, Column 12 - Calculate the estimated eligible pre-discount one time cost by adding Box 6, Columns 4 and 5. This sum should be multiplied first by Column 10, and then this product should be multiplied by Column 11. $(\text{Column 4} + \text{Column 5}) * (\text{Column 10}) * (\text{Column 11})$. If the service is 100% eligible and not shared with any ineligible entities (100% used by eligible entity), then Column 12 will simply be the total of Columns 4 and 5.

Box 6, Column 13 - Calculate the total annual amount of estimated eligible pre-discount monthly charges by multiplying Box 6, Column 9 by Column 10 and then by Column 11. $(\text{Column 9}) * (\text{Column 10}) * (\text{Column 11})$. If the service is 100% eligible and not shared with any ineligible entities (100% used by eligible entity), then Column 13 will simply be the same amount that is listed in Column 9.

Box 6, Column 14 - Calculate the estimated eligible pre-discount total charges by adding Columns 12 and 13.

Box 7 - Use the entries in Columns 12, 13, and 14 of Box 6 and enter the totals in the corresponding columns of Box 7.

How to Match Pre-Discount Cost Calculation Grid to Form 471 Applications, Items 15/16

- Box 7, Column 12 Total is the amount that should be entered in Items 15/16, Column 8 of the Form 471 Application.
- Box 7, Column 13 Total divided by the Number of Months **((Column 13) / (Column 8))** is the amount that should be entered in Items 15/16, Column 9 of the Form 471 Application.
- Box 7, Column 14 Total is the amount that should be entered in Items 15/16, Column 10 of the Form 471 Application.