January 26, 2018

Letter of Appeal

30 Lanidex Plaza West

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To Whom It May Concern:

Appellant/Organization Name Stillwater Area Public Schools #834

BEN 133553

Form 471 161040478

Funding Request Number 1699144935, 1699144934

This letter is to appeal the Decision to Deny per the Funding Commitment Decision Letter Comment:

**DR1:FCC Rules require applicants to evaluate the cost effectiveness of the fiber solutions and to choose the most cost effective solution. Documentation provided failed to demonstrate that the Dark Fiber solution # 2 from Zayo Group, LLC is more cost effective than the requested Dark Fiber solution # 1 from Zayo Group LLC based on total cost. Therefore, the applicant has violated the competitive bidding program rules.;MR1:This is a new FRN. It was created in order to change the service type requested on FRN 1699091196 from Maintenance And Operation to Dark Fiber (No Special Construction) in accordance with Program Rules.**

Stillwater Area Public Schools #834 respectfully requests that the SLD reverse its decision to deny FRNs 1699144935 and 1699144934 as there was no violation of the FCC’s competitive bidding rules due to the fact that the most cost effective solution was selected. On February 16, 2016 Stillwater PS issued a Form 470 and RFP requesting proposals for both leased dark fiber and lit fiber options. The district received proposals from 3 vendors that offered various lit fiber and dark fiber options. Stillwater PS evaluated all of the options with Price of E-rate Eligible Services as the primary factor and Zayo Group, LLC’s dark fiber solution was the awarded solution. Zayo responded with 5 options: 3 lit fiber solutions and 2 dark fiber. The two Zayo dark fiber options: Option #1 and Option #2 are exactly the same technical solutions. Wholly, the ONLY difference between Option #1 and Option #2 is that Option #1 reflects the Special Construction charges of $100,000 as a one-time, Non-Recurring cost to add their new school - Brookview Elementary BEN 17005204 to their existing dark fiber network. Option #2 amortizes the $100,000 over the 60 month contract term.

The application went through numerous rounds of PIA review that focused heavily on the evaluation of the fiber funding requests. On February 22, 2017 a Denial Notification was issued to which we rebutted by presenting multiple documents demonstrating that both Options #1 and #2 are the same. Again, the one and only difference is how the $100,000 installation costs would be paid – one time, non-recurring or amortized over 5 years. One of the calculation sheets used to evaluate the bids contained an error and although multiple supporting documents were provided to substantiate the appropriateness of the award, FRNs 1699144935 and 1699144934 were denied stating that the most cost effective solution was not selected.

It is accurate that the district did choose Zayo’s Dark Fiber Option #1 as the most cost effective solution however when they confirmed the calculation to show the cost would be the same to amortize, they elected to go this direction. The justification being that the costs would be exactly the same at the end of the initial 5 year term as the $100,000 one-time non-recurring costs.

Below is a timeline of events pertinent to the denial of FRNs 1699144935 and 1699144934:

11/1/2016 Responded to PIA inquiries that requested copies of bid responses, evaluation documents, and contracts

1/24/2017 Responded to PIA inquiries issued on 1/19/2017 regarding the cost effectiveness comparison between dark fiber and lit fiber. (attachments: PIA app 161040478-due 1.31.17 and Dark – Lit Fiber Cost Comparison)

1/30/2017 Responded to Inquires issued on 1/30/2017 (attachments- Respond to Notifications for Form 471 ID#161040478 – 1\_30\_2017 5\_36 “and “2016 Fiber RFP 1617-003 Response Evaluation Matrix” Inquiry 2 asked… “how the total cost of the requested type(s) of products were compared with the equivalent type(s) of products and provide any supporting documentation that was created during the cost comparison process.? The response stated “All submitted bids (lit and dark) were compared. The lowest cost option on all terms was Zayo’s dark fiber.” This response is reflective of the district’s understanding that both Options #1 and #2 were the same cost.

2/23/2017 Responded to a Denial Notification (attachments: Rebuttal to Denial of Application 161040478) In this response, we acknowledge that there were some incorrect calculations within the district prepared worksheet. However, the award was not based solely on this calculation sheet. The district was fully aware of the fact that the only difference between Options #1 and #2 was how the $100,000 cost to install the fiber for their new school Brookview. Although we provided multiple documents in our rebuttal to demonstrate that Zayo’s Option #1 and Option #2 were the same (see attachment) FRNs 1699144935 and 1699144934 were still denied.

We respectfully request that USAC reverse the decision to deny FRNs 1699144935 and 1699144934 as we have shown that Option #1 and Option #2 are the same. At no point during the competitive bidding process did the applicant violate program rules.

Please feel free to contact me with any further questions. Thank you for your consideration.

Sincerely,

C:\Users\Nanette\Desktop\Michelle's sig.jpg

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