



## Barry County Telephone Company

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123 West Orchard, Box 128 • Delton, MI 49046-0128  
269-623-2311 • Fax 269-623-8033

July 1, 2019

Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554

**Re: Support for Texas Carriers' Petition to Prohibit Use of E-Rate Funds to Build Fiber Networks in Areas Where Fiber Networks Already Exist; RM-11841; CC Docket No. 02-6; WC Docket No. 13-184**

Dear Ms. Dortch:

Barry County Telephone Company (BCTC) and MEI Telecom, Inc (MEI) respectfully submit this letter in the above-referenced Petition.

BCTC and MEI fully support the Petition filed by the Texas Carriers. Specifically, BCTC and MEI agree with the Texas Carriers in urging the Commission to initiate a rulemaking proceeding to consider amending Part 54 of the Commission Rules, specifically with respect to the Universal Service Fund ("USF") Schools and Libraries Program ("E-Rate") competitive bidding requirements, to include safeguards which would discourage overbuilding of existing federally supported fiber networks. In addition, BCTC and MEI support the Texas Carriers' suggestion to allow broadband carriers, as well as state and local entities, an opportunity to challenge the need for the proposed new fiber facilities.

BCTC is an Incumbent Local Exchange Carrier (ILEC) providing voice and broadband services in rural southern Michigan. Sharing common ownership with BCTC, MEI Telecom, Inc. is a Competitive Local Exchange Carrier (CLEC) providing voice and broadband services adjacent to the service territory of the ILEC. BCTC and MEI fully support the E-Rate program and share its goals of bringing high-speed broadband connectivity to our nation's schools and libraries. Specifically, for the Delton Kellogg School District, BCTC has deployed a fiber-optic facility from its central office directly to the school district currently providing bandwidth of one Gbps. This facility is provided to the school district for a monthly recurring charge and is discounted with E-Rate funds resulting in a cost to the school district of approximately \$4,000/year.

On February 27, 2019, MEI responded to an RFP (FCC 470 Application Number 190018507) by the SWMiTech Consortium, affiliated with Kalamazoo RESA, requesting



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proposals for delivery of wide area network (WAN) services or Internet services to Delton Kellogg Schools. In its RFP response, MEI proposed to extend an existing BCTC/MEI fiber facility to the closest hub site listed by the SWMiTech Consortium, the Hastings Middle School. MEI proposed special construction charges to extend this facility and the continuation of its current monthly lease rate for the Delton Kellogg schools. As with BCTC's existing service to the school district, the proposed extended facility would be capable of bandwidth speeds of one Gbps and be easily upgraded as their needs increased.

On March 25, 2019, an application associated with this RFP was filed with USAC requesting E-Rate funds for the Delton Kellogg School District (FCC Form 471 Application Number 191032658). This application requests funds of \$560,360.61 for special construction of a self-provisioned facility with a total cost of \$622,622.90 for the Delton Kellogg School District. The application indicates that the bandwidth speeds that will be provided will be an upload speed of 300.0 Mbps and a download speed of 300.0 Mbps. In addition to being extremely concerned about the proposed cost of this new facility to overbuild its existing fiber facilities, given the current bandwidth speeds used by the school district, BCTC and MEI believe that the 300.0 Mbps indicated in the application will not be adequate to meet the school district's needs.

BCTC and MEI agree with the Texas Carriers that a challenge process for E-Rate applications is needed and are concerned about the lack of transparency in the FCC's rules relative to the competitive bidding process on these E-Rate applications. The FCC's rules require that E-Rate applicants demonstrate that they have selected the most cost-effective service offering among the bids received. The rules do not, however, allow competitive bidders, such as MEI, to access the cost-effectiveness analysis that should have been provided with this application. MEI cannot, therefore, verify that its proposal was reflected accurately in this application. It is difficult for BCTC and MEI to comprehend how this self provisioned facility could possibly be determined to be more cost-effective than MEI's proposal when MEI's proposal for special construction to extend its facility was less than 10% of the cost reflected in this application. Considering both the recurring and non-recurring charges proposed by MEI, BCTC and MEI calculate that the self-provisioned solution proposed in this application will cost the E-Rate program at least \$350,000 more, from a net present value perspective, than the solution proposed by MEI. While this application has yet to be approved by USAC, without the ability to review the cost-effectiveness analysis provided, BCTC and MEI are concerned that USAC may not have the information it needs to thoroughly evaluate this application.



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Like the Texas Carriers, BCTC and MEI are concerned about the use of E-Rate funds to overbuild or build duplicate networks to existing fiber networks, especially when those networks are supported by universal service support. In addition, BCTC and MEI agree with the Texas Carriers that a challenge process is needed to ensure that cost-effective solutions are awarded through this process. Overbuilding an existing USF-supported fiber network is likely not the most cost-effective method to acquire service as it appears not to be with this Application for funds.

BCTC and MEI support the Petition filed by the Texas Carriers and urge the Commission to adopt rules that prohibit the use of Universal Service funds for special construction of fiber networks that overbuild existing fiber networks.

Sincerely,

David Stoll

General Manager and CEO