

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

|                                     |   |                        |
|-------------------------------------|---|------------------------|
| In the Matter of                    | ) |                        |
|                                     | ) |                        |
| Schools and Libraries               | ) | CC Docket No. 02-6     |
| Universal Service Support Mechanism | ) |                        |
|                                     | ) |                        |
| Request for Review and/or Waiver    | ) | Application No. 469387 |
| By Systems and Solutions, Inc.      | ) |                        |

**REQUEST FOR REVIEW AND/OR WAIVER  
BY SYSTEMS AND SOLUTIONS, INC.  
OF A DECISION BY THE  
UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**

Pursuant to sections 54.719 and 54.722 of the Commission's rules,<sup>1</sup> Systems and Solutions, Inc. (SSI) respectfully requests a review of a Universal Service Administrative Company (USAC) decision to recover funding disbursed to the Macon County School System (Macon County or the District) for funding year 2005.<sup>2</sup>

USAC's recovery effort rests on a foundation that is both legally and factually unsound. USAC's stated reason for recovering this funding is that the fiber SSI provided to Macon County as part of its buildout necessary to provide Internet access was "ineligible" because it was "found to be not cost effective." This explanation is legally unsound because the Commission explicitly allows applicants to seek funding for buildout costs for eligible services, so the fiber was clearly part of an eligible service; because USAC conflated eligibility and cost-effectiveness in a way that has no support in Commission rules or precedent; because USAC inappropriately based its

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<sup>1</sup> 47 C.F.R. § 54.719(b), (c); 47 C.F.R. § 54.722(a). The FRNs are 1292455 and 1292530.

<sup>2</sup> SSI (SPIN #143024162) is the service provider for Macon County on these FRNs, and USAC is seeking recovery from SSI. SSI is therefore a "party aggrieved by an action of the Administrator." 47 C.F.R. § 54.719(b).

cost-effectiveness finding on a component of a service, rather than on the service itself; and because USAC improperly substituted its own judgment on cost-effectiveness for that of the school district.

USAC's explanation is factually unsound because it failed to explain *why* it concluded that the fiber in question was not cost-effective, and because it ignored evidence that SSI submitted during a special compliance review. For these reasons, the Bureau should reverse USAC's decision and direct USAC to cease its recovery efforts against SSI.

In the alternative, SSI respectfully requests that the Bureau waive the Commission's rules to the extent necessary to grant the requested relief. USAC is seeking recovery of \$135,000 in E-rate funding that was committed 13 years ago, without having demonstrated any actual shortcoming in Macon County's competitive bidding process or that the services delivered were not cost-effective. It is contrary to the public interest for USAC to substitute its own judgment for that of an applicant where there is no evidence of waste, fraud, or abuse.

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## **I. BACKGROUND**

SSI is a total network integration company based in Georgia that has over 20 years of experience in the K-12 marketplace. Macon County School System is a school district in rural Georgia located in Macon County, which has a population of approximately 15,000 people. It serves the communities of Ideal, Marshallville, Montezuma, and Oglethorpe. Macon County's three schools serve about 2,000 students. SSI is still the service provider for Macon County today, providing 10 Gbps to three locations for a total of \$1,550 per month.

On February 15, 2005, Macon County filed an FCC Form 471 seeking funding for Internet access, among other things.<sup>3</sup> For the Internet access funding requests (FRNs) on the application, SSI was the service provider. There were two requests for non-recurring charges to build fiber to the elementary (\$234,458) and high school/middle school (\$301,560). The monthly recurring charges were \$1,200 per month per location for 1 Gbps of service. Before this installation of fiber, Macon County only had T-1 lines.

Before committing funding to Macon County, USAC conducted a review of Macon County's application. In response to USAC's questions, Macon County confirmed that the fiber that would be installed would be used exclusively for eligible services (namely, Internet access).<sup>4</sup> At USAC's request, Macon County explained how it planned to amortize the up-front costs of the project.<sup>5</sup> USAC asked whether the proposed Wide Area Network facilities would be made available to other SSI customers, to which Macon County responded that they would (although

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<sup>3</sup> Exhibit 1, FCC Form 471.

<sup>4</sup> Exhibit 2, Fax from Macon County to USAC (Mar. 20, 2006). Macon County also confirmed the eligibility of two buildings included in its application. *Id.*

<sup>5</sup> *Id.*

in fact SSI has never used the facilities to serve any other customers).<sup>6</sup> In response to a follow-up request for additional information about the nonrecurring costs, Macon County provided a table, created by SSI, breaking out the components of the nonrecurring costs.<sup>7</sup> After reviewing Macon County's responses to its PIA questions, USAC committed and disbursed Macon County's requested funding.

Four years later, in late 2010, USAC sent Macon County a special compliance review inquiry regarding the two FRNs at issue in this appeal.<sup>8</sup> USAC asked for additional information about the nonrecurring charges, which it now believed were "very large in relationship to the recurring charge for this service."<sup>9</sup> USAC asked why the nonrecurring costs "should not be borne by the service provider as a cost of doing business."<sup>10</sup> On October 19, 2010, Macon County responded to USAC's inquiry by submitting the same cost itemization, provided by SSI, that it had filed with USAC on April 12, 2006, showing what was included in the nonrecurring charges.<sup>11</sup> USAC also asked about the total capacity of the cabling that SSI had installed, how much of it was being used by the District, and how the service provider cost-allocated the construction costs.<sup>12</sup> In response, Macon County explained that SSI had deployed 12-strand fiber, that the District was using four or six of those strands (depending on location), and that no

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<sup>6</sup> Exhibit 3, Fax from Macon County to USAC (Mar. 28, 2006).

<sup>7</sup> Exhibit 4, Fax from Macon County to USAC (Apr. 12, 2006).

<sup>8</sup> Exhibit 5, Macon County Letter to USAC (Oct. 19, 2010).

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

additional cost-allocation was required because SSI had charged Macon County only for the capacity it used.<sup>13</sup>

USAC followed up with another special compliance inquiry a few weeks later, in which it stated that the price of the fiber cable listed in SSI's cost breakdown—\$5.00 per foot—was “well above market price for this cable and well above the price charged by this same service provider for other similar projects on similar applications for other schools.”<sup>14</sup> In response to USAC's request for an explanation, SSI provided a more detailed cost itemization on November 19, 2010, which made clear that the cost of the fiber itself was only \$.95 per foot.<sup>15</sup> In a follow-up letter in December 2010, SSI explained that the original cost breakdown had been incorrect, the data having been assembled by an SSI employee who had responded to the original FCC Form 470 and who was no longer with the company.<sup>16</sup> SSI asked USAC to replace the table submitted on October 19, 2010 with the corrected table submitted on November 19, 2010, which showed the correct cost of the fiber (\$.95 per foot).<sup>17</sup>

On July 29, 2011—more than five years after the end of the funding year—USAC sent a Notification of Commitment Adjustment Letter (COMAD) to SSI, seeking to recover a total of \$135,540 in disbursed funding for funding year 2005.<sup>18</sup> The reason given was the following:

After a thorough review, it was determined that the funding commitment for this request must be reduced by \$90,000. During the course of review it was determined that funding was provided for the following ineligible items: Fiber cable which has been determined to be not cost effective. The pre-discount cost

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<sup>13</sup> *Id.* SSI actually used four to eight strands to provide service to each site.

<sup>14</sup> Exhibit 6, Macon County Letter to USAC, at 1 (Nov. 19, 2010).

<sup>15</sup> *Id.* at 2-3.

<sup>16</sup> Exhibit 7, Macon County Letter to USAC, at 1 (Dec. 8, 2010).

<sup>17</sup> *Id.*

<sup>18</sup> Exhibit 8, COMAD, at 4-5. Specifically, USAC sought to recover \$90,000 in funding for FRN #1292455 and \$45,540 for FRN #1292530. *Id.*

associated with these items is \$100,000.00 . . . . At the applicants [*sic*] 90 percent discount rate this resulted in an improper commitment of \$90,000.00. FCC rules provide that funding may be approved only for eligible products and/or services. The USAC web site contains a list of eligible products and/or services. See the web site, [www.universalservice.org/sl/about/eligible-services-list.aspx](http://www.universalservice.org/sl/about/eligible-services-list.aspx) for the Eligible Services List. On the SPAC Form, the authorized person certifies at Item 10 that the service provider has billed its customer for services deemed eligible for support. Therefore, USAC has determined that the service provider is responsible for this rule violation. Accordingly, the commitment has been reduced by \$90,000.00 and if the recovery of improperly disbursed funds is required, USAC will seek recovery from the service provider.<sup>19</sup>

SSI filed a timely appeal of the COMAD on August 8, 2011.<sup>20</sup> Nearly seven years later, on July 17, 2018, USAC denied SSI's appeal on the following grounds:

According to our records and the documentation that was submitted with the appeal it was determined that Macon County School System is requesting funding for 12 strand fiber at \$5.00 per foot. This price is well above two times market value. The appellant did not provide any new information or documentation within the appeal regarding the cost of fiber or to show the service provider was only charging the district for the two strands which were being utilized. Therefore, the appeal is denied.<sup>21</sup>

While the COMAD itself had not explained how USAC calculated the amount to be recovered, the appeal denial shows that the recovery amount was based on the original cost breakdown that SSI submitted (which showed the cost of the fiber as \$5.00 per foot), not the corrected one that SSI submitted in November 2010 (which showed the correct cost of the fiber, \$.95 per foot).

Appeals to the Commission of USAC decisions are due within 60 days.<sup>22</sup> The instant appeal is therefore timely filed.

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<sup>19</sup> *Id.* at 4 (Funding Commitment Adjustment Report for FRN 1292455). USAC used identical language in its Funding Commitment Adjustment Report for FRN 1292530. *Id.* at 5.

<sup>20</sup> To SSI's knowledge, USAC has not issued a Recovery of Improper Payments Letter (RIDF) seeking recovery of the funding. However, the FCDL indicated that USAC believes recovery is warranted and that SSI is the responsible party.

<sup>21</sup> Exhibit 9, Appeal Denial, at 1.

<sup>22</sup> 47 C.F.R. § 54.720(a).

## **II. USAC’S REASON FOR SEEKING RECOVERY IS LEGALLY AND FACTUALLY INCORRECT**

USAC’s recovery effort rests on a foundation that is both legally and factually unsound.

USAC’s stated reason for recovering this funding is that the fiber SSI installed for Macon County for Internet access was “ineligible” because it was “found to be not cost effective.”

Because the COMAD provided no more explanation than this, it was unclear exactly *why* USAC thought the fiber was not cost effective. Only in its denial of SSI’s appeal—seven years after the COMAD, and a full 12 years after the work was completed—did USAC finally explain that USAC is seeking recovery because it believes the cost of the fiber was too high. This explanation is legally unsound because:

- The Commission explicitly allows applicants to seek funding for service providers’ buildout costs, and therefore the fiber was part of an eligible service;
- Whether or not a service is cost-effective is a separate and distinct inquiry from whether it is eligible;
- USAC inappropriately based its cost-effectiveness finding on a component of a service, rather than on the cost to the applicant of the service itself; and
- USAC improperly substituted its own judgment for that of the school district.

USAC’s explanation for the denial is also factually unsound, because it failed to explain *why* it concluded that the fiber in question was not cost-effective, and because it ignored evidence that SSI submitted during a special compliance review and instead quoted the uncorrected cost per foot. For these reasons, SSI respectfully asks that the Bureau reverse USAC’s decision.



**A. USAC's Decision Ignores Commission Precedent Allowing E-rate Support for Buildout Costs and Wrongly Conflates Cost-Effectiveness and Eligibility**

USAC concluded that because, in its view, the underlying cost of the fiber SSI was using to build facilities for the District was too expensive, the fiber itself was somehow rendered “ineligible.” This analysis is wrong as a legal matter because the Commission explicitly allows applicants to seek funding for service providers’ buildout costs. Thus the service SSI provided to Macon County was clearly eligible. Whether or not the service was cost-effective is a separate inquiry that has no bearing on whether a service is eligible.

To be clear, SSI was not selling fiber to the District; it was providing Internet access service. Macon County had sought bids and E-rate funding for Internet access services. SSI’s winning bid to provide Internet access services included an up-front charge for buildout of fiber facilities to the District’s locations so that SSI could provide the Internet access services. Commission precedent allowed Macon County to request funding for these buildout costs associated with SSI’s provision of Internet access service. In its 1999 *Tennessee Order*, the Commission made clear that E-rate funding could be used for the buildout of facilities used to provide Internet access services.<sup>23</sup> The Commission affirmed this conclusion the following year in its *Brooklyn Order*:

[W]e reaffirm the principle set forth in the Tennessee Order that universal service funds may be used to fund equipment and infrastructure build-out associated with the provision of eligible services to eligible schools and libraries. We conclude, therefore, that our rules and Commission precedent do not bar eligible schools and libraries from seeking universal service funding for costs for infrastructure

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<sup>23</sup> *Request for Review by the Department of Education of the State of Tennessee of the Decision of the Universal Service Administrator*, CC Docket Nos. 96-45, 97-21, 14 FCC Rcd 13734, ¶ 29 (1999) (*Tennessee Order*) (“[A]ll service providers include within their prices to customers some amount of the cost of building facilities to provide the service. . . . [W]e expect Internet access service providers to include some portion of the cost of facilities used to provide Internet access service within the charges for providing Internet access service, and . . . our rules do not otherwise specifically prohibit support to Internet access service.”).

investment associated with the provision of telecommunications services, provided that: (1) the specific services and uses of those services are eligible for universal service funding; and (2) the costs for service to be provided over shared-use infrastructure are properly allocated so that the fund only pays for the costs associated with providing services to the eligible schools or libraries.<sup>24</sup>

Macon County filed its application in funding year 2005; when USAC issued its COMAD, in 2011, this precedent had not changed—and it has not changed to this day. Again, the COMAD did not specify why USAC had found the fiber not to be cost-effective, but the questions USAC asked in its special compliance review—about the components of the nonrecurring costs and the amount of capacity being used by the District—suggest that it had the *Tennessee Order* and *Brooklyn Order* precedent regarding the cost-allocation of shared services in mind, at least to some extent. In their responses, Macon County and SSI made it clear that their contract and Macon County’s E-rate application had satisfied these criteria: the fiber was to be used for Internet access, an eligible service, and SSI was charging Macon County only for the costs associated with providing service to the schools. Accordingly, to the extent that USAC based its decision on a belief that SSI had inappropriately included buildout costs in its bid, that basis is inconsistent with Commission precedent and must be reversed.

Regarding USAC’s conclusion that the fiber was ineligible because USAC believed that it was not cost-effective, SSI suspects that USAC may have developed this convoluted and unlawful analysis as a way to assign blame for whatever violation USAC believes occurred to SSI, instead of Macon County. If USAC had merely found that the service SSI provided to Macon County was not cost-effective—which is clearly the crux of its decision, given its focus

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<sup>24</sup> *Request for Review of the Decision of the Universal Service Administrator by Brooklyn Public Library*, CC Docket Nos. 96-45, 97-21, 15 FCC Rcd 18598, ¶ 12 (2000) (*Brooklyn Order*). The *Brooklyn Order* specifically referenced telecommunications services, but it was quoting the *Tennessee Order*, in which the applicant had requested funding for Internet access services.

on the cost of the fiber—then USAC could not have sought to recover from SSI, as the District is solely responsible for selecting the most cost-effective services under the Commission’s rules.<sup>25</sup> Instead, USAC announced that the fiber was *ineligible*, purely because it was not cost-effective, then noted that service providers cannot invoice USAC for ineligible services. This conclusion has no basis in Commission rules or precedent, and it appears to be a mere pretext that enables USAC to find fault with and seek recovery from SSI.

SSI disagrees that the service it provided to Macon County was not cost-effective and does not believe that Macon County’s funding commitment should have been reduced. However, even if the Bureau agrees with USAC on those counts, it should nonetheless reverse USAC’s decision to seek recovery from SSI.<sup>26</sup>

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<sup>25</sup> *Schools and Libraries Universal Service Support Mechanism*, CC Docket Nos. 96-45, 97-21, 02-6, Fourth Report and Order, 19 FCC Rcd 15252, ¶ 15 (2004) (“In determining to which party recovery should be directed, USAC shall consider which party was in a better position to prevent the statutory or rule violation, and which party committed the act or omission that forms the basis for the statutory or rule violation. For instance, the school or library is likely to be the entity that commits an act or omission that violates our competitive bidding requirements . . . .”); 47 C.F.R. § 54.503(c)(ii)(B) (requiring the applicant to certify on the FCC Form 470 that “[a]ll bids submitted for eligible products and services will be carefully considered, with price being the primary factor, and the bid selected will be for the most cost-effective service offering consistent with §54.511.”); 47 C.F.R. § 54.511(a) (“Except as exempted in § 54.503(e), in selecting a provider of eligible services, schools, libraries, library consortia, and consortia including any of those entities shall carefully consider all bids submitted and must select the most cost-effective service offering”). Section 54.511(a) was the same in 2005; the requirement that is now in section 54.503(c)(ii)(B) was then in section 54.504. 47 C.F.R. § 54.504(b)(2)(vii) (2005) (“All bids submitted will be carefully considered and the bid selected will be for the most cost-effective service or equipment offering, with price being the primary factor, and will be the most cost-effective means of meeting educational needs and technology plan goals.”).

<sup>26</sup> SSI also notes that if USAC or the Commission were to find the fault lies with the school district, under Commission rules and precedent, USAC would reduce the funding commitment to zero and recover the entire amount of the two funding requests from the District. *Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, Fifth Report and Order, 19 FCC Rcd 15808, ¶ 21 (2004) (“We conclude that we should recover the full amount disbursed for any funding requests in which the beneficiary failed to comply with the Commission’s competitive bidding requirements as set forth in section 54.504 and 54.511 of our rules and amplified in related Commission orders.”). That outcome

**B. USAC Improperly Substituted Its Own Judgment for the Applicant's, and Improperly Analyzed Components of a Service Rather Than the Service Itself**

In concluding that the fiber SSI installed to provide Internet access service to Macon County was “not cost effective,” USAC inexplicably concluded that Macon County’s competitive bidding process had failed to choose the most cost-effective bid. To the best of SSI’s knowledge, USAC appears to have reached this conclusion without asking a single question about the competitive bidding process during either its PIA review or the special compliance review that preceded the COMAD.<sup>27</sup> Instead, USAC appears to have simply decided that one component of the service SSI provided to Macon County represented too much of the total cost of the service. In light of this complete absence of any kind of meaningful cost-effectiveness analysis, USAC’s decision must be reversed.

The competitive bidding rules require applicants to consider price as the primary factor as they evaluate price and other factors to determine the most cost-effective bid.<sup>28</sup> SSI is not aware of any suggestion by USAC that Macon County’s competitive bidding process was insufficient or flawed, or that SSI’s bid had not been the most cost-effective bid. Rather, USAC simply concluded that an underlying component of the service SSI had provided to Macon County was too expensive.

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seems particularly harsh given the passage of time and the lack of USAC allegations of any wrong-doing by the District.

<sup>27</sup> SSI does not have in its possession of the District’s competitive bidding documentation. Obviously, SSI was not involved in the competitive bidding process, except as a bidder. SSI has requested any further documentation that USAC may have in its possession but has not yet received anything.

<sup>28</sup> 47 C.F.R. § 54.511(a); *Request for Review of the Decision of the Universal Service Administrator by Ysleta Independent School District El Paso, Texas, et al.*, Order, CC Docket Nos. 96-45, 97-21, 18 FCC Rcd 26407, ¶ 48 (2003) (*Ysleta Order*).

This approach finds no support in Commission rules or precedent. It is not USAC's role to second-guess applicants' competitive-bidding processes, as the Commission has made clear:

[T]he Administrator generally need not make a separate finding that a school has selected the most cost-effective bid. Such a finding is not generally necessary because a school has an incentive to select the most cost-effective bid, even apart from any procurement requirements, because it must pay its pro rata share of the cost of the services requested. Absent evidence to the contrary in a particular case, we believe that this incentive is generally sufficient to support a conclusion that a school has selected the most cost-effective bid for requested services.<sup>29</sup>

Here, USAC second-guessed Macon County's competitive bidding process under the guise of examining the underlying cost components of SSI's services. This is reversible error for two reasons.

First, as the Commission has explained, the school district has an incentive to select the most cost-effective bid, and "[a]bsent evidence to the contrary in a particular case," USAC should let the results of the competitive bidding process stand. USAC has thus exceeded its authority by upsetting the outcome of Macon County's competitive bidding process, and even worse, has provided no evidence of wrongdoing by Macon County to justify doing so. Rather, USAC suggests that SSI did something wrong in the rates it charged Macon County. But, with few exceptions,<sup>30</sup> it is not USAC's place to examine the rates service providers charge for E-rate-eligible services: as the Commission clearly stated, it is the competitive bidding process that ensures that school districts select—and are charged—the most cost-effective rates.

Second, and equally important, USAC decided that the cost per foot of the fiber SSI installed was too expensive. But the cost-effectiveness analysis that a school district is required

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<sup>29</sup> *Tennessee Order*, 14 FCC Rcd at ¶ 10.

<sup>30</sup> The lowest corresponding price rule is one such instance.

to conduct is for the *entire service*. School districts are not required to analyze—and could not reasonably be expected to analyze—the cost of every individual component of a service.

Applicants are only concerned with the cost of the actual service that they are purchasing. It therefore makes no sense that USAC would take it upon itself to examine the underlying components of SSI’s Internet access service and conclude that one of the pieces costs too much. If the overall bid for Internet access service was the most cost-effective bid—and it clearly was, as SSI won the contract and USAC did not note any issue with the District’s competitive bidding process—then it does not matter what the individual costs of the underlying components of the service are. USAC cited no authority for rescinding a funding commitment on this basis, and SSI knows of none.

In short, USAC provides no convincing legal basis for reducing the funding commitment or seeking recovery in this case. USAC’s decision must therefore be reversed.

### **C. USAC’s Decision Is Factually Incorrect**

In addition to the legal shortcomings described above, USAC’s decision is also incorrect as a factual matter. In its denial of SSI’s appeal, USAC states that the cost of the fiber SSI installed was \$5.00 per foot. But, as explained above, SSI corrected this figure during the special compliance review in a letter to USAC. The corrected cost of the fiber was \$.95 per foot. USAC ignored this correction and based its decision on the earlier, incorrect figure, which included other costs in addition to the cost of the fiber itself. Thus much of what USAC said in its appeal denial—that the cost of the fiber was well above market rates and well above what SSI charged in “similar” projects—is invalid.<sup>31</sup>

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<sup>31</sup> Even if SSI had not corrected the cost-per-foot of the fiber, USAC also failed to explain why it had changed its mind between 2006, when USAC first saw the \$5.00-per-foot figure and disbursed the funding anyway, and 2010, when USAC determined that \$5.00 per foot was too high. USAC therefore

The appeal denial also suggests that SSI and Macon County had not shown that SSI was only charging Macon County for the fiber strands that it was using. But again, Macon County's special compliance review response stated unequivocally that this was the case. At most, however, cost-allocation would have resulted in the reduction of the funding request by the cost of the six to eight excess strands—if SSI had not already removed those costs. That cost would have been significantly less than the \$135,540 USAC is seeking to recover.

In short, USAC's decisions ignored facts that did not support its conclusion and used incorrect numbers as a basis for its decision to seek recovery. USAC's decision must therefore be reversed.

### **III. IN THE ALTERNATIVE, A WAIVER OF THE COMMISSION'S RULES IS IN THE PUBLIC INTEREST**

As explained above, USAC erred in finding that the fiber that SSI used to provide Internet access service to Macon County was ineligible because it was not cost-effective. If the Bureau disagrees, however, SSI respectfully asks that the Bureau waive the Commission's rules to the extent necessary to grant the requested relief.

Any of the Commission's rules may be waived if good cause is shown.<sup>32</sup> The Commission may exercise its discretion to waive a rule where the particular facts make strict compliance inconsistent with the public interest.<sup>33</sup> In addition, the Commission may take into

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failed to demonstrate reasoned decision making. *See, e.g.*, *FCC v. Fox Television Stations, Inc.*, 556 U.S. 502, 515 (2009) (holding that where an agency's "new policy rests upon factual findings that contradict those which underlay its prior policy," the agency has failed to engage in reasoned decision making). This failure is that much more egregious because USAC ignored SSI's correction to the record.

<sup>32</sup> 47 C.F.R. § 1.3.

<sup>33</sup> *Northeast Cellular Telephone Co. v. FCC*, 897 F.2d 1164, 1166 (D.C. Cir. 1990).

account considerations of hardship, equity, or more effective implementation of overall policy on an individual basis.<sup>34</sup>

SSI is a small service provider that strives to provide the best possible service to school districts at reasonable prices. SSI has won subsequent procurements issued by Macon County and continues to provide broadband service to Macon County over the same facilities purchased in funding year 2005 (apart from ordinary repairs and replacements, as well as upgraded electronics to provide higher bandwidth). Today, SSI provides 10 Gbps to three locations for the very competitive price of \$1,550 per month. SSI makes little profit on this service, particularly considering that SSI itself covers the cost of any repairs. It is thus a significant hardship for SSI to have to repay \$135,000 a dozen years after SSI satisfied its obligations under its contract with Macon County.

Furthermore, this reduction in funding and recovery action is not necessary to protect the integrity of the E-rate program. There is no evidence of waste, fraud, or abuse here—either by SSI or by Macon County. On the contrary, together SSI and Macon County extended Internet access to rural schools in a cost-effective manner, thus *advancing* the goals of the E-rate program.

Certainly, USAC has the authority and the obligation to ensure that E-rate applications comply with the Commission's rules, and to request a cost-allocation of the buildout to ensure that E-rate funding is not used to provide service to ineligible entities. But even though there is no statute of limitations on seeking recovery of funds, there is nevertheless a cost when USAC reaches back five, ten, or 12 years to demand repayment of funding for services that have long since been provisioned to the schools. USAC's action only serves to create yet more uncertainty

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<sup>34</sup> *WAIT Radio v. FCC*, 418 F.2d 1153, 1159 (D.C. Cir. 1969); *Northeast Cellular*, 897 F.2d at 1166.



for applicants and service providers. That uncertainty that funding commitments and disbursements are never settled—that there is always a possibility that USAC will concoct a reason to demand repayment even years in the future—inevitably has a chilling effect on both applicants and service providers.

Finally, the extraordinarily long timeline in this appeal has created genuine issues of administrative unfairness that also justify a waiver. SSI won Macon County's business in funding year 2005. USAC conducted a PIA review in 2006, asking questions about the up-front costs of the service and the associated cost-allocation. At the conclusion of the PIA, USAC disbursed the requested funds, indicating that it was satisfied with Macon County's and SSI's responses. A full four years later, USAC decided—to this day, SSI is not sure why—to revisit some of the issues it raised in 2006. SSI and Macon County responded again, providing among other things corrected information about the cost per foot of the fiber SSI used in the project. Approximately six months later, USAC issued a COMAD, which (it later became clear) was based on information that USAC already had in 2006. SSI filed a timely appeal. It then took USAC *seven years* to issue a decision on SSI's appeal. Worst of all, USAC did not explain its decision adequately in the COMAD, so when it filed its appeal in 2011 SSI did not actually know why USAC had concluded that the fiber component of SSI's Internet access service was not cost-effective. Now, SSI is forced to defend itself long after the applicable document retention obligations expired.

In short, USAC's inexcusable delays and failure to explain its decisions have made it virtually impossible for SSI to defend itself. Even though there is no applicable statute of limitations, at some point there must be—as a matter of administrative fairness—some limit on

USAC's ability to rescind funding for seemingly no reason at all. For all of these reasons, it is in the public interest to grant this waiver.

#### **IV. CONCLUSION**

For the foregoing reasons, the Bureau should grant SSI's appeal or, in the alternative, its request for waiver.

Respectfully submitted,

/s/ Gina Spade

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Washington, DC 20006  
DC Bar # 452207  
gina@broadbandlegal.com  
202-907-6252

*Counsel for Systems and Solutions, Inc.*

September 14, 2018

### **CERTIFICATE OF SERVICE**

This is to certify that on this 14th day of September, 2018, a true and correct copy of the foregoing Request for Review and/or Waiver was sent via email to:

SLD, Universal Service Administrative Company, Appeals@usac.org

/s/ Theresa Schrader

## **LIST OF ATTACHMENTS**

Affidavit of Ruston Russell

Exhibit 1 FCC Form 471

Exhibit 2 Fax from Macon County to USAC (Mar. 20, 2006)

Exhibit 3 Fax from Macon County to USAC (Mar. 28, 2006)

Exhibit 4 Fax from Macon County to USAC (Apr. 12, 2006)

Exhibit 5 Macon County Letter to USAC (Oct. 19, 2010)

Exhibit 6 Macon County Letter to USAC (Nov. 19, 2010)

Exhibit 7 Macon County Letter to USAC (Dec. 8, 2010)

Exhibit 8 COMAD

Exhibit 9 Appeal Denial

## Affidavit of Ruston Russell

I, Ruston Russell, swear:

1. That I am the chief executive officer of Systems and Solutions, Inc. (SSI). I have been in this position since June 2001.
2. That I have read the foregoing appeal and avow the information stated therein is true and correct to the best of my knowledge and belief.



Ruston Russell  
Chief Executive Officer  
Systems and Solutions, Inc.  
440 Overlook Mountain Drive  
Suwanee, GA 30024

Subscribed and sworn to before me this 14 day of September, 2018.



Notary Public

## **EXHIBIT 1**

**Schools and Libraries Universal Service  
Description of Services Ordered and Certification Form 471****Estimated Average Burden Hours per Response: 4 hours**

This form asks schools and libraries to list the eligible telecommunications-related services they have ordered and estimate the annual charges for them so that the Fund Administrator can set aside sufficient support to reimburse providers for services.

**Please read instructions before beginning this application. (You can also file online at [www.sl.universalservice.org](http://www.sl.universalservice.org).)**  
**The instructions include information on the deadlines for filing this application.**

**Applicant's Form Identifier**

(Create your own code to identify THIS form 471) FY\_06\_MAIN

**Form 471 Application#**

(To be assigned by administrator)

469387

**Block 1: Billed Entity Information** (The "Billed Entity" is the entity paying the bills for the service listed on this form.)

- 1 a** Name of Billed Entity **MACON COUNTY SCHOOL SYSTEM**
- 2 a** Funding Year: July 1, 2005 Through June 30: 2006 Billed Entity Number: 127443
- 4 a** Street Address, P.O. Box, or Routing Number **HIGHWAY 49 EAST**
- City **OGLETHORPE**
- State **GA** Zip Code **31068**
- 5 a** Type of Application  
☐ Individual School (individual public or non-public school)  
☒ School District (LEA; public or non-public [e.g. diocesan] local district representing multiple schools)  
☐ Library (including library system, library outlet/branch or library consortium as defined under LSTA)  
☐ Consortium ☐ Check here if any members of this consortium are ineligible or non-governmental entities
- 6** Contact Person's Name **Annie Marshall**

First, if the Contact Person's Street Address is the same as in Item 4, check this box. ☐ If not, please complete the entries for the Street Address below.

- b** Street Address, P.O. Box, or Routing Number **HIGHWAY 49 EAST**
- City **OGLETHORPE**
- State **GA** Zip Code **31068**

Entity Number 127443Contact Person Annie MarshallApplicant's Form Identifier FY\_06\_MAINPhone Number 912-472-8188

This information will facilitate the processing of your applications. Please complete all rows that apply to services for which you are requesting discounts. Complete this information on the FIRST Form 471 you file, to encompass this and all other Forms 471 you will file for this funding year. You need not complete this information on subsequent Forms 471. Provide your best estimates for the services ordered across ALL of your Forms 471.

**Schools/school districts complete Item 7. Libraries complete Item 8. Consortia complete Item 7 and/or Item 8.**

**Block 2: Impact of Services Ordered on Schools****IF THIS APPLICATION INCLUDES SCHOOLS...****BEFORE ORDER AFTER ORDER**

|    |  |   |      |
|----|--|---|------|
| 7a | Number of students to be served  |   | 2135 |
| d  | Direct broadband services: Number of buildings served at the following speeds: |   |      |
|    | Less than 10 mbps  | 0 | 0    |
|    | Between 10 mbps and 200 mbps   | 5 | 5    |
|    | Greater than 200 mbps  | 0 | 0    |

**Block 3: Impact of Services Ordered on Libraries**

**NOT APPLICABLE AS THIS APPLICATION IS FOR DISTRICT**

**Worksheet A No:** 677936

**Student Count:** 2157

**Weighted Product (Sum. Column 8):** 1941.3

**Shared Discount:** 90%

**1. School Name:** D F DOUGLAS ALTERNATIVE SCHOOL

**2. Entity Number:** 204980 **NCES:**

**3. Rural/Urban:** Urban

**4. Student Count:** 22

**5. NSLP Students:** 22

**6. NSLP Students/Students:** 100.000%

**7. Discount:** 90%

**8. Weighted Product:** 19.8

**9. Pre-K/Adult Ed/Juv:** N

**10. Alt Disc Mech:** N

**1. School Name:** MACON COUNTY ELEMENTARY SCHOOL

**2. Entity Number:** 33978 **NCES:**

**3. Rural/Urban:** Rural

**4. Student Count:** 1038

**5. NSLP Students:** 882

**6. NSLP Students/Students:** 84.971%

**7. Discount:** 90%

**8. Weighted Product:** 934.2

**9. Pre-K/Adult Ed/Juv:** N

**10. Alt Disc Mech:** N

**1. School Name:** MACON COUNTY HIGH SCHOOL

**2. Entity Number:** 33964 **NCES:**

**3. Rural/Urban:** Rural

**4. Student Count:** 601

**5. NSLP Students:** 497

**6. NSLP Students/Students:** 82.695%

**7. Discount:** 90%

**8. Weighted Product:** 540.9

**9. Pre-K/Adult Ed/Juv:** N

**10. Alt Disc Mech:** N

**1. School Name:** MACON COUNTY MIDDLE SCHOOL

**2. Entity Number:** 33977 **NCES:**

**3. Rural/Urban:** Rural

**4. Student Count:** 496

**5. NSLP Students:** 420

**6. NSLP Students/Students:** 84.677%

**7. Discount:** 90%

**8. Weighted Product:** 446.4

**9. Pre-K/Adult Ed/Juv:** N

**10. Alt Disc Mech:** N

**1. School Name:** MACON COUNTYBOARD OF EDUCATION OFFICE

**2. Entity Number:** 16037599 **NCES:**

**3. Rural/Urban:** Urban

**4. Student Count:** 0

**5. NSLP Students:** 0

**6. NSLP Students/Students:**

**7. Discount:** 90%

**8. Weighted Product:** 0

**9. Pre-K/Adult Ed/Juv:** N

**10. Alt Disc Mech:** N

**Block 5: Discount Funding Request(s)**

**FRN:** 1292357 **FCDL Date:** 04/27/2006

**10. Original FRN:**

**11. Category of Service:** Basic Maintenance of

**12. 470 Application Number:** 569600000529105



|  |   |
|--|---|
| Internal Connections   |   |
| <b>13. SPIN:</b> 143024162   | <b>14. Service Provider Name:</b> Systems and Solutions, Inc. |
| <b>15a. Non-Contracted tariffed/Month to Month Service:</b> N  | <b>15b. Contract Number:</b> N/A                              |
| <b>15c. Covered under State Master Contract:</b> N   | <b>15d. FRN from Previous Year:</b>                           |
| <b>16a. Billing Account Number:</b> N/A  | <b>16b. Multiple Billing Account Numbers?:</b> N              |
| <b>17. Allowable Contract Date:</b> 02/01/2005   | <b>18. Contract Award Date:</b> 02/11/2005                    |
| <b>19a. Service Start Date:</b> 07/01/2005   | <b>19b. Service End Date:</b>                                 |
| <b>20. Contract Expiration Date:</b> 06/30/2006  |   |
| <b>21. Attachment #:</b> Basic Manitenance   | <b>22. Block 4 Worksheet No.:</b> 677936                      |
| <b>23a. Monthly Charges:</b> \$.00   | <b>23b. Ineligible monthly amt.:</b> \$.00                    |
| <b>23c. Eligible monthly amt.:</b> \$0.00  | <b>23d. Number of months of service:</b> 12                   |
| <b>23e. Annual pre-discount amount for eligible recurring charges ( 23c x 23d):</b> \$0.00           |   |
| <b>23f. Annual non-recurring (one-time) charges:</b><br>211529.79                                    | <b>23g. Ineligible non-recurring amt.:</b> 0                  |
| <b>23h. Annual pre-discount amount for eligible non-recurring charges ( 23f - 23g):</b> \$211,529.79 |   |
| <b>23i. Total program year pre-discount amount ( 23e + 23h):</b> \$211,529.79                        |   |
| <b>23j. % discount (from Block 4):</b> 90  |   |
| <b>23k. Funding Commitment Request ( 23i x 23j):</b> \$190,376.81                                    |   |

|  |   |
|--|---|
| <b>FRN:</b> 1292455 <b>FCDL Date:</b> 04/27/2006   |   |
| <b>10. Original FRN:</b>   |   |
| <b>11. Category of Service:</b> Internet Access  | <b>12. 470 Application Number:</b> 569600000529105            |
| <b>13. SPIN:</b> 143024162   | <b>14. Service Provider Name:</b> Systems and Solutions, Inc. |
| <b>15a. Non-Contracted tariffed/Month to Month Service:</b> Y  | <b>15b. Contract Number:</b> MTM                              |
| <b>15c. Covered under State Master Contract:</b>   | <b>15d. FRN from Previous Year:</b>                           |
| <b>16a. Billing Account Number:</b>  | <b>16b. Multiple Billing Account Numbers?:</b> N              |
| <b>17. Allowable Contract Date:</b> 02/01/2005   | <b>18. Contract Award Date:</b>                               |
| <b>19a. Service Start Date:</b> 07/01/2005   | <b>19b. Service End Date:</b> 06/30/2006                      |
| <b>20. Contract Expiration Date:</b>   |   |
| <b>21. Attachment #:</b> Elem_Internet   | <b>22. Block 4 Entity Number:</b> 33978                       |
| <b>23a. Monthly Charges:</b> \$1,200.00  | <b>23b. Ineligible monthly amt.:</b> \$.00                    |
| <b>23c. Eligible monthly amt.:</b> \$1,200.00  | <b>23d. Number of months of service:</b> 12                   |
| <b>23e. Annual pre-discount amount for eligible recurring charges ( 23c x 23d):</b> \$14,400.00      |   |
| <b>23f. Annual non-recurring (one-time) charges:</b><br>260509.47                                    | <b>23g. Ineligible non-recurring amt.:</b> 0                  |
| <b>23h. Annual pre-discount amount for eligible non-recurring charges ( 23f - 23g):</b> \$260,509.47 |   |
| <b>23i. Total program year pre-discount amount ( 23e + 23h):</b> \$274,909.47                        |   |
| <b>23j. % discount (from Block 4):</b> 90  |   |
| <b>23k. Funding Commitment Request ( 23i x 23j):</b> \$247,418.52                                    |   |

|   |   |
|---|---|
| <b>FRN:</b> 1292530 <b>FCDL Date:</b> 04/27/2006              |   |
| <b>10. Original FRN:</b>                                      |   |
| <b>11. Category of Service:</b> Internet Access               | <b>12. 470 Application Number:</b> 569600000529105            |
| <b>13. SPIN:</b> 143024162                                    | <b>14. Service Provider Name:</b> Systems and Solutions, Inc. |
| <b>15a. Non-Contracted tariffed/Month to Month Service:</b> Y | <b>15b. Contract Number:</b> MTM                              |
| <b>15c. Covered under State Master Contract:</b>              | <b>15d. FRN from Previous Year:</b>                           |
| <b>16a. Billing Account Number:</b>                           | <b>16b. Multiple Billing Account Numbers?:</b> N              |
| <b>17. Allowable Contract Date:</b> 02/01/2005                | <b>18. Contract Award Date:</b>                               |
| <b>19a. Service Start Date:</b> 07/01/2005                    | <b>19b. Service End Date:</b> 06/30/2006                      |
| <b>20. Contract Expiration Date:</b>                          |   |
| <b>21. Attachment #:</b> High_Internet                        | <b>22. Block 4 Entity Number:</b> 33964                       |
| <b>23a. Monthly Charges:</b> \$1,200.00                       | <b>23b. Ineligible monthly amt.:</b> \$.00                    |

|  |  |
|--|--|
| <b>23c. Eligible monthly amt.:</b> \$1,200.00  | <b>23d. Number of months of service:</b> 12  |
| <b>23e. Annual pre-discount amount for eligible recurring charges ( 23c x 23d):</b> \$14,400.00      |  |
| <b>23f. Annual non-recurring (one-time) charges:</b> 335067.14                                       | <b>23g. Ineligible non-recurring amt.:</b> 0 |
| <b>23h. Annual pre-discount amount for eligible non-recurring charges ( 23f - 23g):</b> \$335,067.14 |  |
| <b>23i. Total program year pre-discount amount ( 23e + 23h):</b> \$349,467.14                        |  |
| <b>23j. % discount (from Block 4):</b> 90  |  |
| <b>23k. Funding Commitment Request ( 23i x 23j):</b> \$314,520.43                                    |  |

**FRN:** 1292775      **FCDL Date:** 04/27/2006

|   |  |
|---|--|
| <b>10. Original FRN:</b>  |  |
| <b>11. Category of Service:</b> Telecommunications Service                                      | <b>12. 470 Application Number:</b> 569600000529105                       |
| <b>13. SPIN:</b> 143000842  | <b>14. Service Provider Name:</b> Southern Communications Services, Inc. |
| <b>15a. Non-Contracted tariffed/Month to Month Service:</b>                                     | <b>15b. Contract Number:</b> MTM   |
| <b>15c. Covered under State Master Contract:</b>  | <b>15d. FRN from Previous Year:</b>                                      |
| <b>16a. Billing Account Number:</b> N/A   | <b>16b. Multiple Billing Account Numbers?:</b>                           |
| <b>17. Allowable Contract Date:</b> 02/01/2005  | <b>18. Contract Award Date:</b>  |
| <b>19a. Service Start Date:</b> 07/01/2005  | <b>19b. Service End Date:</b> 06/30/2006                                 |
| <b>20. Contract Expiration Date:</b>  |  |
| <b>21. Attachment #:</b> Southern_Link  | <b>22. Block 4 Worksheet No.:</b> 677936                                 |
| <b>23a. Monthly Charges:</b> \$1,509.95   | <b>23b. Ineligible monthly amt.:</b> \$.00                               |
| <b>23c. Eligible monthly amt.:</b> \$1,509.95   | <b>23d. Number of months of service:</b> 12                              |
| <b>23e. Annual pre-discount amount for eligible recurring charges ( 23c x 23d):</b> \$18,119.40 |  |
| <b>23f. Annual non-recurring (one-time) charges:</b> 0  | <b>23g. Ineligible non-recurring amt.:</b> 0                             |
| <b>23h. Annual pre-discount amount for eligible non-recurring charges ( 23f - 23g):</b> \$0.00  |  |
| <b>23i. Total program year pre-discount amount ( 23e + 23h):</b> \$18,119.40                    |  |
| <b>23j. % discount (from Block 4):</b> 90   |  |
| <b>23k. Funding Commitment Request ( 23i x 23j):</b> \$16,307.46                                |  |

**FRN:** 1292872      **FCDL Date:** 04/27/2006

|   |   |
|---|---|
| <b>10. Original FRN:</b>  |   |
| <b>11. Category of Service:</b> Telecommunications Service                                      | <b>12. 470 Application Number:</b> 762360000323607      |
| <b>13. SPIN:</b> 143008900  | <b>14. Service Provider Name:</b> AllTel Communications |
| <b>15a. Non-Contracted tariffed/Month to Month Service:</b>                                     | <b>15b. Contract Number:</b> N/A                        |
| <b>15c. Covered under State Master Contract:</b>  | <b>15d. FRN from Previous Year:</b>                     |
| <b>16a. Billing Account Number:</b> N/A   | <b>16b. Multiple Billing Account Numbers?:</b>          |
| <b>17. Allowable Contract Date:</b> 01/03/2001  | <b>18. Contract Award Date:</b> 08/08/2001              |
| <b>19a. Service Start Date:</b> 07/01/2005  | <b>19b. Service End Date:</b>                           |
| <b>20. Contract Expiration Date:</b> 08/08/2006   |   |
| <b>21. Attachment #:</b> Alltel   | <b>22. Block 4 Worksheet No.:</b> 677936                |
| <b>23a. Monthly Charges:</b> \$2,987.80   | <b>23b. Ineligible monthly amt.:</b> \$6.30             |
| <b>23c. Eligible monthly amt.:</b> \$2,981.50   | <b>23d. Number of months of service:</b> 12             |
| <b>23e. Annual pre-discount amount for eligible recurring charges ( 23c x 23d):</b> \$35,778.00 |   |
| <b>23f. Annual non-recurring (one-time) charges:</b> 0  | <b>23g. Ineligible non-recurring amt.:</b> 0            |
| <b>23h. Annual pre-discount amount for eligible non-recurring charges ( 23f - 23g):</b> \$0.00  |   |
| <b>23i. Total program year pre-discount amount ( 23e + 23h):</b> \$35,778.00                    |   |
| <b>23j. % discount (from Block 4):</b> 90   |   |
| <b>23k. Funding Commitment Request ( 23i x 23j):</b> \$32,200.20                                |   |

Do not write in this area.

Application ID:469387

|                |                |                             |              |
|----------------|----------------|-----------------------------|--------------|
| Entity Number  | 127443         | Applicant's Form Identifier | FY_06_MAIN   |
| Contact Person | Annie Marshall | Phone Number                | 912-472-8188 |

## Block 6: Certifications and Signature

24. ☒ I certify that the entities listed in Block 4 of this application are eligible for support because they are: (check one or both)
- a. ☒ **Act of 2001, 20 U.S.C. Secs. 7801(18) and (38)**, that do not operate as for-profit businesses, and do not have endowments exceeding \$50 million; and/or
- b. ☐ libraries or library consortia eligible for assistance from a State library administrative agency under the Library Services and Technology Act of 1996 that do not operate as for-profit businesses and whose budgets are completely separate from any schools including, but not limited to elementary, secondary schools, colleges, or universities
25. ☒ I certify that the entity I represent or the entities listed on this application have secured access, separately or through this program, to all of the resources, including computers, training, software, internal connections, maintenance, and electrical capacity, necessary to use the services purchased effectively. I recognize that some of the aforementioned resources are not eligible for support. I certify that the entities I represent or the entities listed in this application have secured access to all of the resources to pay the discounted charges for eligible services from funds to which access has been secured in the current funding year. I certify that the Billed Entity will pay the non-discount portion of the cost of the goods and services to the service provider(s).

|    |  |              |
|----|--|--------------|
| a. | Total funding year pre-discount amount on this Form 471 (Add the entities from Item 23l on all Block 5 Discount Funding Requests.)   | \$889,803.80 |
| b. | Total funding commitment request amount on this Form 471 (Add the entities from Items 23K on all Block 5 Discount Funding Requests.)   | \$800,823.42 |
| c. | Total applicant non-discount share (Subtract Item 25b from Item 25a.)  | \$88,980.38  |
| d. | Total budgeted amount allocated to resources not eligible for E-rate support   | \$25,000.00  |
| e. | Total amount necessary for the applicant to pay the non-discount share of the services requested on this application AND to secure access to the resources necessary to make effective use of the discounts. (Add Items 25c and 25d.)  | \$113,980.38 |
| f. | <input type="checkbox"/> Check this box if you are receiving any of the funds in Item 25e directly from a service provider listed on any Forms 471 filed by this Billed Entity for this funding year, or if a service provider listed on any of the Forms 471 filed by this Billed Entity for this funding year assisted you in locating funds in Items 25e. |              |

26. ☒ I certify that all of the schools and libraries or library consortia listed in Block 4 of this application are covered by technology plans that are written, that cover all 12 months of the funding year, and that have been or will be approved by a state or other authorized body, and an SLD-certified technology plan approver, prior to the commencement of service. The plans are written at the following level(s):
- a. ☒ an individual technology plan for using the services requested in this application; and/or
- b. ☒ higher-level technology plan(s) for using the services requested in this application; or
- c. ☐ no technology plan needed; applying for basic local, cellular, PCS, and/or long distance telephone service and/or voice mail only.
27. ☒ I certify that I posted my Form 470 and (if applicable) made my RFP available for at least 28 days before considering all bids received and selecting a service provider. I certify that all bids submitted were carefully considered and the most cost-effective service offering was selected, with price being the primary factor considered, and is the most cost-effective means of meeting educational needs and technology plan goals.



28. ☒ I certify that the entity responsible for selecting the service provider(s) has reviewed all applicable FCC, state, and local procurement/competitive bidding requirements and that the entity or entities listed on this application have complied with them.
29. ☒ I certify that the services the applicant purchases at discounts provided by 47 U.S.C. Sec. 254 will be used solely for educational purposes and will not be sold, resold, or transferred in consideration for money or any other thing of value, except as permitted by the Commission's rules at 47 C.F.R. Sec. 54.500(k). Additionally, I certify that the Billed Entity has not received anything of value or a promise of anything of value, other than services and equipment requested under this form, from the service provider(s) or any representative or agent thereof or any consultant in connection with this request for services.
30. ☒ I certify that I and the entity(ies) I represent have complied with all program rules and I acknowledge that failure to do so may result in denial of discount funding and/or cancellation of funding commitments. There are signed contracts covering all of the services listed on this Form 471 except for those services provided under non-contracted tariffed or month-to-month arrangements. I acknowledge that failure to comply with program rules could result in civil or criminal prosecution by the appropriate law enforcement authorities.
31. ☒ I acknowledge that the discount level used for shared services is conditional, for future years, upon ensuring that the most disadvantaged schools and libraries that are treated as sharing in the service, receive an appropriate share of benefits from those services.
32. ☒ I certify that I will retain required documents for a period of at least five years after the last day of service delivered. I certify that I will retain all documents necessary to demonstrate compliance with the statute and Commission rules regarding the application for, receipt of, and delivery of services receiving schools and libraries discounts, and that if audited, I will make such records available to the Administrator. I acknowledge that I may be audited pursuant to participation in the schools and libraries program.
33. ☒ I certify that I am authorized to order telecommunications and other supported services for the eligible entity(ies) listed on this application. I certify that I am authorized to submit this request on behalf of the eligible entity(ies) listed on this application, that I have examined this request, that all of the information on this form is true and correct to the best of my knowledge, that the entities that are receiving discounts pursuant to this application have complied with the terms, conditions and purposes of this program, that no kickbacks were paid to anyone and that false statements on this form can be punished by fine or forfeiture under the Communications Act, 47 U.S.C. Secs. 502, 503(b), or fine or imprisonment under the Title 18 of the United States Code, 18 U.S.C. Sec. 1001 and civil violations of the False Claims Act.
34. ☒ I acknowledge that FCC rules provide that persons who have been convicted of criminal violations or held civilly liable for certain acts arising from their participation in the schools and libraries support mechanism are subject to suspension and debarment from the program. I will institute reasonable measures to be informed, and will notify USAC should I be informed or become aware that I or any of the entities listed on this application, or any person associated in any way with my entity and/or entities listed on this application, is convicted of a criminal violation or held civilly liable for acts arising from their participation in the schools and libraries support mechanism.
35. ☒ I certify that if any of the Funding Requests on this Form 471 are for discounts for products or services that contain both eligible and ineligible components, that I have allocated the cost of the contract to eligible and ineligible companies as required by the Commission's rules at 47 C.F.R. Sec. 54.504(g)(1),(2).
36. ☒ I certify that this funding request does not constitute a request for internal connections services, except basic maintenance services, in violation of the Commission requirement that eligible entities are not eligible for such support more than twice every five funding years beginning with Funding Year 2005 as required by the Commission's rules at 47 C.F.R. Sec. 54.506(c).
37. ☒ I certify that the non-discounted portion of the costs for eligible services will not be paid by the service provider. The pre-discount costs of eligible services features on this Form 471 are net of any rebates or discounts offered by the service provider. I acknowledge that, for the purpose of this rule, the provision, by the provider of a supported service, of free services or products unrelated to the supported service or product constitutes a rebate of some or all of the cost of the supported services.

38. Signature of authorized person

39. Signature Date **2/15/2005**

**The Americans with Disabilities Act, the Individuals with Disabilities Education Act and the Rehabilitation Act may impose obligations on entities to make the services purchased with these discounts accessible to and usable by people with disabilities.**

**NOTICE:** Section 54.504 of the Federal Communications Commission's rules requires all schools and libraries ordering services that are eligible for and seeking universal service discounts to file this Services Ordered and Certification Form (FCC Form 471) with the Universal Service Administrator. 47 C.F.R. § 54.504. The collection of information stems from the Commission's authority under Section 254 of the Communications Act of 1934, as amended. 47 U.S.C. § 254. The data in the report will be used to ensure that schools and libraries comply with the competitive bidding requirement contained in 47 C.F.R. § 54.504. All schools and libraries planning to order services eligible for universal service discounts must file this form themselves or as part of a consortium.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

The FCC is authorized under the Communications Act of 1934, as amended, to collect the information we request in this form. We will use the information you provide to determine whether approving this application is in the public interest. If we believe there may be a violation or a potential violation of any applicable statute, regulation, rule or order, your application may be referred to the Federal, state, or local agency responsible for investigating, prosecuting, enforcing, or implementing the statute, rule, regulation or order. In certain cases, the information in your application may be disclosed to the Department of Justice or a court or adjudicative body when (a) the FCC; or (b) any employee of the FCC; or (c) the United States Government is a party of a proceeding before the body or has an interest in the proceeding. In addition, consistent with the Communications Act of 1934, FCC regulations and orders, the Freedom of Information Act, 5 U.S.C. § 552, or other applicable law, information provided in or submitted with this form or in response to subsequent inquiries may be disclosed to the public.

If you owe a past due debt to the Federal government, the information you provide may also be disclosed to the Department of the Treasury Financial Management Service, other Federal agencies and/or your employer to offset your salary, IRS tax refund or other payments to collect that debt. The FCC may also provide the information to these agencies through the matching of computer records when authorized.

If you do not provide the information we request on the form, the FCC may delay processing of your application or may return your application without action.

The foregoing Notice is required by the Paperwork Reduction Act of 1995, Pub. L. No. 104-13, 44 U.S.C. § 3501, et seq.

Public reporting burden for this collection of information is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, completing, and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the reporting burden to the Federal Communications Commission, Performance Evaluation and Records Management, Washington, DC 20554.

**Please submit this form to:**

**SLD-Form 471  
P.O. Box 7026  
Lawrence, Kansas 66044-7026**

**For express delivery services or U.S. Postal Service, Return Receipt Requested,  
mail this form to:**

**SLD Forms  
ATTN: SLD Form 471  
3833 Greenway Drive  
Lawrence, Kansas 66046  
(888) 203-8100**

Print

<< Previous

---

## **EXHIBIT 2**

TRANSMISSION VERIFICATION REPORT

TIME : 03/20/2006 16:16  
NAME :  
FAX :  
TEL :  
SER.# : BR0G3J577616

DATE, TIME  
FAX NO./NAME  
DURATION  
PAGE(S)  
RESULT  
MODE

03/20 16:10  
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00:06:24  
22  
OK  
STANDARD  
ECM



## MACON COUNTY SCHOOLS

P. O. Box 488  
Oglethorpe, Georgia 31068  
(478) 472-8188 Fax (478) 472-2042

*Dr. Carolyn W. Medlock*  
Superintendent

BOARD OF EDUCATION

EUGENE FELTON, Chmn.  
Marshallville, Georgia

ALLEN HEAD, Vice Chmn.  
Oglethorpe, Georgia

MARY H. JACKSON  
Montezuma, Georgia

DON OLIVER  
Idol, Georgia

JEFFERY ROGERS  
Montezuma, Georgia

### FAX TRANSMITTAL

DATE: March 20, 2006

TO: Linda Clark

FAX #: (913) 599-6521

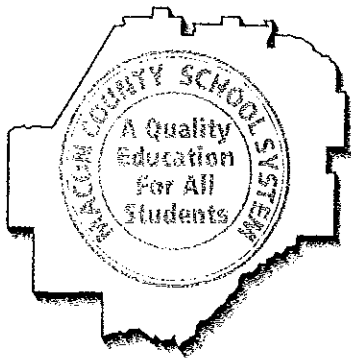
COMPANY: Schools and Libraries Div.

CITY: \_\_\_\_\_

FROM: Annie Marshall

NUMBER OF PAGES INCLUDING COVER SHEET 22





# MACON COUNTY SCHOOLS

P. O. Box 488  
Oglethorpe, Georgia 31068  
(478) 472-8188 Fax (478) 472-2042

Dr. Carolyn W. Medlock  
Superintendent

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Oglethorpe, Georgia

MARY H. JACKSON  
Montezuma, Georgia

DON OLIVER  
Ideal, Georgia

JEFFERY ROGERS  
Montezuma, Georgia

## FAX TRANSMITTAL

DATE: March 20, 2006

TO: Linda Clark  
FAX #: (913) 599-6521  
COMPANY: Schools and Libraries Div.  
CITY: \_\_\_\_\_  
FROM: Annie Marshall  
NUMBER OF PAGES INCLUDING COVER SHEET 22

MEMO: Linda: This is a fax copy of the document that I emailed to you today. Again, if there are questions, let me know. Thanks

Confidentiality Notice: The materials and information conveyed within this facsimile transmission are private and confidential, and are the property of the sender. Further, this transmission is a privileged and communication, and is intended only for the use of the individual(s) named above. If you are not the intended recipient, be advised that any unauthorized disclosure, copying, distribution, or the taking of any action in reliance on the contents of this transmission is strictly prohibited. If you have received this transmission in error, please notify the sender immediately by telephone to arrange for the destruction and/or return of the forwarded document to the sender.



Universal Service Administrative Company  
Schools & Libraries Division

---

Date: 3/16/06

Dear Annie Marshall  
Macon County School  
(912) 472-8188  
Application Number(s): 469387

**CC: E-Rate Coordinator**

You were recently sent a written request for additional information needed by the Program Integrity Assurance (PIA) team to review your FY2005 Form 471 Application to ensure that it is in compliance with the rules of the federal universal service program. We requested that the information be provided within seven calendar days. **To date, some of the requested information has been received.** The information needed to complete the review is listed below.

**FRN 1292872 -- Alltel for \$2,987.80/mo**, the documentation provided in the Item 21 Attachments is not sufficient to determine the eligibility of your request. The documentation indicates that your request includes the following item: **(Item 21 & Service listing from Alltel)**. Please provide more detailed documentation that identifies the actual products and services being requested. If your documentation does not identify the specific products and services being delivered, you will need to contact your vendor and request such documentation. The vendor should be able to provide you with a detailed documentation identifying the specific products and services being provided. Any documentation provided should clearly identify any ineligible charges that were cost allocated out of your request. If you are unable to justify the eligibility charges requested on your Form 471, the request may be reduced or denied

**Please provide more detailed documentation, such as the portion of the bill/quote that identifies the actual products and services being delivered. (DO NOT SEND CALL DETAILS)** If the bill you receive does not identify the specific products and services being delivered, you will need to contact your vendor and request such documentation. The vendor should be able to provide you with a detailed bill identifying the specific products and services being provided, which is sometimes called a C.R.I.S. Report.



FRN 1292872 Detail

---

Review of your below mentioned Form 471 applications raises significant questions about whether basic maintenance funding requests are cost effective as required by FCC rules. You have submitted application #469387 for basic maintenance services. Based on information before us at this time, we are unable to make a positive determination whether these funding requests are cost effective, as required by FCC rules. However, we are affording you an opportunity to submit further information that would justify these requests. A favorable determination requires that we have a full understanding of the specific services to be provided for the amounts requested, and a justification that establishes that the funding requests are cost effective.

Based upon the information provided in your Item 21 attachment, FRN 1292357 (\$211,529.79 onetime – Systems & Solutions) is a request for basic maintenance on the following equipment (SmartNet, switches, routers, wireless items, phone systems, servers, etc). The current Block 4 of the cited 471 indicates 3 schools (2135 students). Please respond to the following questions by providing rationale and justification as to the cost effectiveness of this basic maintenance request taking into consideration the number of students it is supporting.

- 1) Please provide the complete, signed, and executed contract for the services provided in FRN 1292357.



Contract

- 2) Your Item 21 quote mentions “Mitel phone system support for 5 sites” but your Block 4 only has 3 schools listed. Please provide a list of locations along with providing the complete model number and component breakdown.



Phone System  
Location-Components

- 3) Please indicate how the cost of maintenance was derived, including specifics regarding cost per hour, total hours of maintenance, the cost per school, and the cost for individual pieces of equipment if available. (OK – Received)
- 4) Please indicate the make, model, and quantity of all equipment being maintained, with the functionality of all file servers along with the names/versions of all software being maintained. (OK – Received)
- 5) Please cost allocate the hours of maintenance or the total dollar amount for each piece of equipment that will be maintained and provide a list of the tasks to be performed as basic maintenance, with the cost associated per task. (OK – Received)

- 6) For the network cabling; please indicate the # of classrooms that have cabling, total number of cabling drops that will be maintained & cost for this portion. (Need number of rooms, not drops)



Classroom Drops.xls

- 7) Will any of this maintenance be on equipment being purchased this funding year or was previously funded thru Erate; if so please provide the application number, FRN number and make, model, and quantity of all equipment being maintained, with the functionality of all file servers.



Maintenance  
Detail.xls

- 8) Please indicate if there are any special circumstances we should be aware of that were taken into consideration for purposes of calculating the cost of these services.

No, there were no special circumstances that were taken into consideration for calculating the cost of these services.

---

For FRN(s) 1292455 & 1292530, the documentation provided in the Item 21 Attachments (Quotes) is not sufficient to determine the eligibility of your request. The documentation does not sufficiently describe the products and services being requested, so we cannot determine the eligibility of your request.

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FRN 1292455/  
1292530 Quotes

Based on the documentation provided it appears that FRN(s) 1292455 & 1292530, includes charges associated with the following on-premise equipment: Fiber – please provide a list of other equipment provided in this request. The FCC has indicated that equipment at the applicant site is presumed to be Internal Connections, but that this presumption can be overcome in certain circumstances. In order for us to evaluate your request, please provide the following information (Yes/No Answers). Please be sure to sign your response and list your title.

- 1.) Is the leased on-premise equipment an integral component of a Telecommunications or Internet Access service?

Yes

2.) Will the leased on-premise equipment be provided by the same service provider that provides the associated Telecommunications Service or Internet Access service?

Yes

3.) Does responsibility for maintaining the equipment rest with the service provider?

Yes

4.) Will ownership of the equipment transfer to the school or library in the future?

No

5.) Does the relevant contract or lease include an option for the applicant to purchase the equipment?

No

6.) Will the leased equipment be used at the applicant site for any purpose other than receipt of the eligible Telecommunications Services or Internet Access of which it is a part?

No

7.) Will the school's or library's internal data communications network function without dependence on the equipment?

Yes

8.) Are there any contractual, technical, or other limitations that would prevent the service provider from using the leased on-premise data communications equipment in part for other customers?

No

(Signed) Annie Marshall  
(Name) Annie Marshall  
(Title) Technology Coordinator  
(Date) 3/20/06

---

For FRN 1292872, the Contract Award Date 8/8/2001 for the services requested is before the Allowable Contract Date 2/1/2005 of the cited Form 470.

The rules of this support mechanism require that the CAD be after the ACD. Please answer the following question, and provide the requested documentation as indicated:

Please provide a copy of the contract (must be signed & dated by both parties) to verify the correct CAD, and also verify if the referenced Form 470 is the establishing Form 470 for the services to the entity on this Form 471. (OK received contract) If the referenced Form 470 is NOT the establishing Form 470, please provide the 15-digit Form 470 Number that did establish the bidding for the FRN. The establishing Form 470 is the specific Form 470, which was posted for that particular service for 28 days, and pursuant to which a contract was signed or an agreement was entered into. The establishing 470 could have been posted by the State, if the requested services are being purchased off of a State Master Contract.

**470 # 762360000323607**

---

FRN(s) 1292455 & 1292530, the services requested include service provider equipment costs, and/or an upfront or non-recurring (one-time) charge for capital investment by the service provider that is greater than \$500K. Pursuant to the FCC's "Brooklyn" decision, the costs must be amortized over at least a 3-year period. Please send a signed written response as to how many years you would like to amortize this cost. The amortization will be modified on a straight-line basis, i.e., the same dollar amount each year.



Amortization.pdf

---

For BEN 127443 for Internet Access services, please certify that the services will only be delivered to eligible users at eligible locations. The rules of this support mechanism do not allow for services or products to be provided to residential homes or other non-school/library facilities (i.e., students and teachers may not dial in from home to access the Internet; there can be no community access, etc). If this funding request for Internet Access is strictly limited to services used only at eligible locations by eligible users, then please certify in writing the following:

"The Internet Access service for which I seek discounts will be strictly limited to providing services only at eligible locations and used only by eligible users. Access to the Internet will not be provided to homes or other non-school or non-library sites."

(Signed) Annie Marshall  
(Name) Annie Marshall  
(Title) Technology Coordinator  
(Date) 3/20/06

The above certification must be word for word, and be signed by the applicant or school chief school official (such as the principal or superintendent). If you are unable to make such a certification, because the statement is not correct, please indicate such.

For the entity listed below, we do not have the associated FCC Registration Number (FCC-RN). The FCC, in its Fifth Report and Order, requires that all entities that currently participate in the Schools and Libraries Support Mechanism and hold an Entity Number or Billed Entity Number have an FCC Registration Number. This requirement applies to schools, libraries, non-instructional facilities, consortium leaders, service providers and consultants.

If you already have an FCC Registration Number for this entity, please provide that FCC Registration Number.

If you do not yet have an FCC Registration Number, you can obtain one by applying to the FCC, at <http://www.fcc.gov>. Click on link for CORES (Commission Registration System), or go directly at the FCC CORES registration site at <https://svartifoss2.fcc.gov/cores/CoresHome.html>.

Additional guidance on this topic and filing tips are located in the Reference area of our website, under "FCC Registration Numbers."

You will need your Taxpayer Identification Number (TIN) to obtain an FCC Registration Number. Many entities can have the same TIN (for example, individual schools in a school district). For some employers, including state and local government agencies and non-profit organizations, the TIN is the IRS-issued Employer Identification Number (EIN).

After obtaining the FCC Registration Number, please provide the FCC Registration Number for the following entity.

| <u>Entity No.</u> | <u>Entity Name</u>         | <u>FCC Reg. No.</u> |
|-------------------|----------------------------|---------------------|
| 127443            | Macon County School System | 0012036513          |

It is important that we receive all of the information requested so we can complete our review. Failure to do so may result in a reduction or denial of funding.

Please fax or e-mail the requested information to my attention. If you have any questions please feel free to contact me.

It is important that we receive all of the information requested so the PIA team can complete its review. Failure to do so may result in a reduction or denial of funding.

**You are being given an additional seven calendar days to respond.** If we do not receive the requested information within seven calendar days, your application will be reviewed using the information currently on file. If you need additional time to prepare your response, please let me know as soon as possible.

Should you wish to cancel this application, or any of your individual funding requests, please clearly indicate in your response that it is your intention to cancel an application or funding request(s); along with the application number and/or funding request number(s), and the complete name, title and signature of the authorized individual.

A copy of this correspondence is being forwarded to your State E-Rate Coordinator for informational purposes only.

Thank you for your cooperation and continued support of the Universal Service Program.

Sincerely,

Linda Clark  
Schools and Libraries Division  
Program Integrity Assurance  
Phone: 973-884-8042  
FAX: 973-599-6521  
lclark@sl.universalservice.org





# Quotation

## Systems & Solutions, Inc.

1305 Park Shore Drive  
Cumming, GA 30041  
Phone (770) 704-4053

DATE January 29, 2005  
Quotation # MCSS-005  
Customer ID MCSS

Quoted To: Macon County School District  
P.O. Box 488  
Oglethorpe, Georgia 31068  
Ms. Annie H. Marshall

Quotation valid until: February 28, 2005  
Prepared by: Ruston Russell

### Erate Year 8 Internet Access Proposal for Macon County High School

| QTY   | Description  | AMOUNT        |
|-------|--|---------------|
| 1     | 1000 Mb/sec Ethernet connection to the Macon County High School. Connection will be provided via fiber optic cabling, and will included the necessary electronics to interface with the existing school network, all permits, licensing, labor, materials, and fees. (One time installation fee) | \$ 335,067.14 |
| 12    | Monthly reoccurring charge for use, maintenance, and support. (\$1,200.00 / month)   | \$ 14,400.00  |
| TOTAL |  | \$ 349,467.14 |

THANK YOU FOR YOUR BUSINESS!



# Quotation

## Systems & Solutions, Inc.

1305 Park Shore Drive  
Cumming, GA 30041  
Phone (770) 704-4053

DATE January 29, 2005  
Quotation # MCSS-004  
Customer ID MCSS

Quoted To: Macon County School District  
P.O. Box 488  
Oglethorpe, Georgia 31068  
Ms. Annie H. Marshall

Quotation valid until: February 28, 2005  
Prepared by: Ruston Russell

### Erate Year 8 Internet Access Proposal for Macon County Elementary

| QTY   | Description  | AMOUNT        |
|-------|--|---------------|
| 1     | 1000 Mb/sec Ethernet connection to the Macon County Elementary School. Connection will be provided via fiber optic cabling, and will included the necessary electronics to interface with the existing school network, all permits, licensing, labor, materials, and fees. (One time installation fee) | \$ 260,509.47 |
| 12    | Monthly reoccurring charge for use, maintenance, and support. (\$1,200.00 / month)   | \$ 14,400.00  |
| TOTAL |  | \$ 274,909.47 |

THANK YOU FOR YOUR BUSINESS!

FRN 1292455/1292530 Quotes 2

# Amortization

## ERATE RESPONSE:

FRN(s) 1292455 & 1292530

The costs will be amortized over a three (3) year period. \$250,000 per year.

Signed: Annie Marshall

Name: Annie Marshall

Title: Technology Coordinator

Date: 3/20/06

## **EXHIBIT 3**

TRANSMISSION VERIFICATION REPORT

TIME : 03/28/2006 15:26  
 NAME :  
 FAX :  
 TEL :  
 SER.# : BROG3J577616

DATE, TIME  
 FAX NO./NAME  
 DURATION  
 PAGE(S)  
 RESULT  
 MODE

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 00:02:15  
 08  
 OK  
 STANDARD  
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# MACON COUNTY SCHOOLS

P. O. Box 488  
 Oglethorpe, Georgia 31068  
 (478) 472-8188 Fax (478) 472-2042

*Dr. Carolyn W. Medlock*  
 Superintendent

## BOARD OF EDUCATION

EUGENE FELTON, Chmn.  
 Marshallville, Georgia

ALLEN HEAD, Vice Chmn.  
 Oglethorpe, Georgia

MARY H. JACKSON  
 Montezuma, Georgia

DON OLIVER  
 Ideal, Georgia

JEFFERY ROGERS  
 Montezuma, Georgia

## FAX TRANSMITTAL

DATE: 3-28-06

TO: Linda Clark

FAX #: 973-599-6521

COMPANY: SLD

CITY: \_\_\_\_\_

FROM: Annie Marshall

NUMBER OF PAGES INCLUDING COVER SHEET 8



# MACON COUNTY SCHOOLS

P. O. Box 488  
Oglethorpe, Georgia 31068  
(478) 472-8188 Fax (478) 472-2042

Dr. Carolyn W. Medlock  
Superintendent

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Oglethorpe, Georgia

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Montezuma, Georgia

DON OLIVER  
Ideal, Georgia

JEFFERY ROGERS  
Montezuma, Georgia

## FAX TRANSMITTAL

DATE: 3-28-06

TO: Linda Clark

FAX #: 972-599-6521

COMPANY: SLD

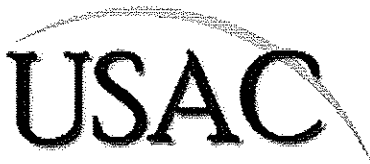
CITY: \_\_\_\_\_

FROM: Annie Marshall

NUMBER OF PAGES INCLUDING COVER SHEET 8

MEMO: I will email a copy of  
this also. Thank you for  
your assistance.

Confidentiality Notice: The materials and information conveyed within this facsimile transmission are private and confidential, and are the property of the sender. Further, this transmission is a privileged and communication, and is intended only for the use of the individual(s) named above. If you are not the intended recipient, be advised that any unauthorized disclosure, copying, distribution, or the taking of any action in reliance on the contents of this transmission is strictly prohibited. If you have received this transmission in error, please notify the sender immediately by telephone to arrange for the destruction and/or return of the forwarded document to the sender.



Universal Service Administrative Company  
Schools & Libraries Division

---

Date: 3/22/06

Dear Annie Marshall  
Macon County School System  
(478) 472-8188  
Application Number(s): **469387-REVISED**

We are currently in the process of reviewing your Funding Year 2005 Form 471 Application on an Appeal basis. To complete our review, we need some additional information. The information needed to complete the review is listed below.

**FRN(s) 1292455 & 1292530**, the documentation provided is not sufficient to determine if the Wide Area Network facilities proposed can be made available for other customers of the service provider. Please describe the capability, if any, that would allow for sharing of the Wide Area Network infrastructure, as well as the capability, if any, that would restrict access to only the applicant. **Any Business Subscriber will have the opportunity to purchase access of the high speed fiber backbone and internet access. There are no provisions to restrict access only to the school district.** Please provide a copy of the network diagram including demarcation lines and a copy of the WAN Contract. **Please See Attachment A Documentation.**

---

**FRN(s) 1292455 & 1292530**, appear to potentially involve the construction of new Wide Area Network facilities by the service provider. The documentation provided is not sufficient to determine the amount requested in the funding request(s) for immediate repayment for service provider up-front capital costs, and the total up-front capital costs of the service provider. Using information from your service provider, if needed, **please indicate the initial repayment for up-front capital costs that are a part of your funding request(s), and the total up-front capital costs of the service provider. Up-front capital costs include the costs for equipment and its installation (Recurring and Non-recurring equipment an installation charges), but not reasonable costs for maintenance.** **For FRN 1292455 the Total Capital Cost is \$260,509.47 – The Initial Upfront Capital Cost is \$260,509.47. --- For FRN 1292530 the Total Capital Cost is \$ 335,067.14 – The Initial Upfront Capital Cost is \$ 335,067.14.**

---

Based upon review of your Form 471 application and Item 21 Attachments, we were not able to determine the eligibility of the below names which **do not appear on Block 4** but for which service is being requested on **Application 469387**. They are:

- **MCAS Macon County Alternative Center**
- **Board of Education**

- In order to be eligible to receive discounted services, per the rules of this support mechanism, the entity providing classroom instruction must be considered part of an elementary or a secondary school found in the No Child Left Behind Act of 2001 (20 U.S.C. Section 7801 (18) and (38)) which is not operating as a for-profit businesses, and does not have an endowment exceeding \$50 million. **Please provide documentation that will verify that the entity meets the definition provided above. (See attached letter)**

**If these entities are non-instructional facilities, which can be eligible for services under certain circumstances, please provide a written response to the following question: Do either of these two descriptions accurately and completely describe your school, school district or library's situation? If so, which one or both? See attached letter.**

- The non-instructional facility is owned by the school, school district or library and is used solely for school, school district or library business.
- Only school, school district or library employees use the non-instructional facility.

For further information about funding requests to non-instructional facilities, consult the "Educational Purposes" document at [http://www.sl.universalservice.org/reference/educational\\_purposes.asp](http://www.sl.universalservice.org/reference/educational_purposes.asp)

**If these entities should be added to Block 4 please provide the following:**

- Written confirmation that the entity should be added (See attached letter)
- Billed entity number Entity #204980 Entity #16037599
- Necessary discount information (e.g., student count, NSLP eligibility count and rural/urban indicator for existing schools, OR SnapShot In Time Template)
- Acknowledgement of all FRNs that will be affected by this addition. FRN #1457091  
FRN #1457157

**If these entities are part of an existing entity in Block 4 then please indicate the name and entity number.**

See below Snapshot-In-Time Template:

**Macon County School System**

**App 469387**

**Snapshot in Time**

**Date of Snapshot: March 22, 2006**

| <u>School</u>                        | <u>Total</u><br><u>Students</u> | <u>Total</u><br><u>Free</u><br><u>&amp;</u><br><u>Reduced</u> | <u>NSLP %</u> | <u>Discount</u> |
|--------------------------------------|---------------------------------|---|---------------|-----------------|
| MCAS Macon County Alternative Center | 22                              | 22  |               |                 |

Signature: \_\_\_\_\_



Title: Superintendent

**Must be signed by school official (such as the Principal, Vice-Principal, Superintendent, Director of Food Service)**

**If you are unable to justify the charges requested on your Form 471, the request may be reduced or denied.**

Should you wish to cancel this application, or any of your individual funding requests, please clearly indicate in your response that it is your intention to cancel an application or funding request(s); along with the application number and/or funding request number(s), and the complete name, title and signature of the authorized individual.

Please fax or e-mail the requested information to my attention. If you have any questions, please feel free to contact me.

It is important that we receive all of the information requested so we can complete our review. **Failure to do so may result in a reduction or denial of funding.**

**Please send the requested information within seven calendar days.**

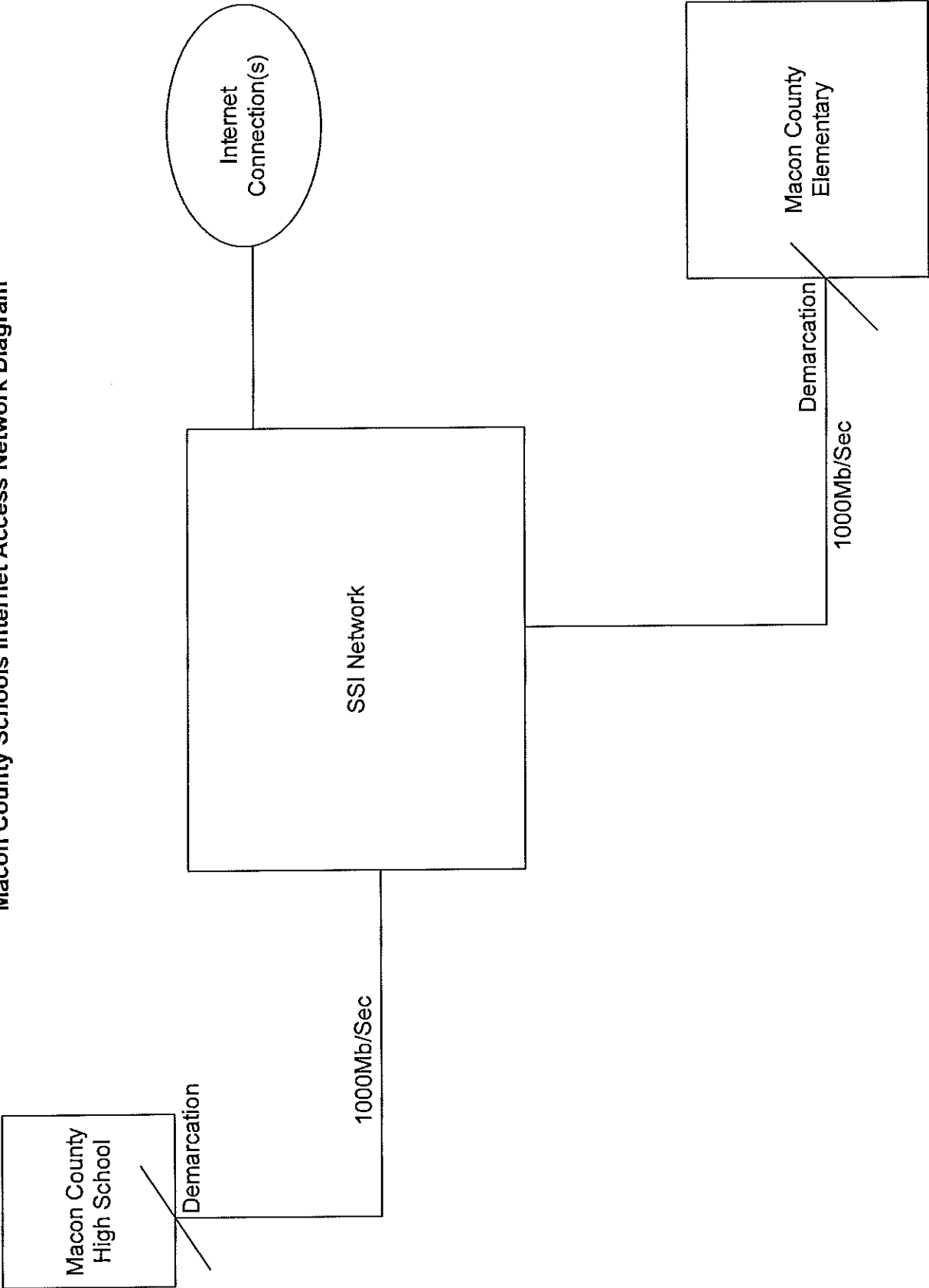
Thank you for cooperation and continued support of the Universal Service Program.

Sincerely,

Linda Clark  
Schools and Libraries Division  
Program Integrity Assurance  
Phone: 973-581-5080  
FAX: 973-599-6521  
lclark@sl.universalservice.org

Attachment A

Macon County Schools Internet Access Network Diagram





# MACON COUNTY SCHOOLS

P. O. Box 488  
Oglethorpe, Georgia 31068  
(478) 472-8188 Fax (478) 472-2042

**Dr. Carolyn W. Medlock**  
Superintendent

## BOARD OF EDUCATION

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Marshallville, Georgia

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Oglethorpe, Georgia

MARY H. JACKSON  
Montezuma, Georgia

DON OLIVER  
Ideal, Georgia

JEFFERY ROGERS  
Montezuma, Georgia

Macon County School System  
App 469387

Snapshot in Time

Date of Snapshot: March 22, 2006

School  
MCAS Macon County Alternative Center

| <u>Total</u><br><u>Students</u> | <u>Total Free</u><br><u>&amp; Reduced</u> | <u>NSLP %</u> | <u>Discount</u> |
|---------------------------------|---|---------------|-----------------|
| 22                              | 22  |               |                 |

Signature: \_\_\_\_\_

Title: Superintendent



## MACON COUNTY SCHOOLS

P. O. Box 488  
Oglethorpe, Georgia 31068  
(478) 472-8188 Fax (478) 472-2042

**Dr. Carolyn W. Medlock**  
Superintendent

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ALLEN HEAD, Vice Chmn.  
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MARY H. JACKSON  
Montezuma, Georgia

DON OLIVER  
Ideal, Georgia

JEFFERY ROGERS  
Montezuma, Georgia

March 28, 2006

TO: School and Libraries Division

RE: Macon County Alternative Center  
AKA D. F. Douglass Alternative School – Entity #204980

This is to verify that The Macon County Alternative Center is a part of an elementary or a secondary school found in the No Child Left Behind Act of 2001 (20 U.S.C. Section 7801 (18) and (38)), is not operating as a for-profit businesses, and does not have an endowment exceeding \$50 million. It should be included in Block 4 of our application.

Dr. Carolyn W. Medlock  
Superintendent



## MACON COUNTY SCHOOLS

P. O. Box 488  
Oglethorpe, Georgia 31068  
(478) 472-8188 Fax (478) 472-2042

*Dr. Carolyn W. Medlock*  
Superintendent

### BOARD OF EDUCATION

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Montezuma, Georgia

DON OLIVER  
Ideal, Georgia

JEFFERY ROGERS  
Montezuma, Georgia

March 28, 2006

TO: School and Libraries Division

RE: Macon County Board of Education  
Entity # 16037599

This is to verify that the Macon County Board of Education meets the following requirements and should be added to Block 4 of our 471 application:

- a) The non-instructional facility is owned by the school, school district or library and is used solely for school, school district or library business.
- b) Only school, school district or library employees use the non-instructional facility.

Dr. Carolyn W. Medlock  
Superintendent

## **EXHIBIT 4**

TRANSMISSION VERIFICATION REPORT

TIME : 04/12/2006 15:19  
NAME :  
FAX :  
TEL :  
SER.# : BROG3J577616

DATE, TIME  
FAX NO./NAME  
DURATION  
PAGE(S)  
RESULT  
MODE

04/12 15:18  
9-19735996521  
00:01:05  
04  
OK  
STANDARD  
ECM



# MACON COUNTY SCHOOLS

P. O. Box 488  
Oglethorpe, Georgia 31068  
(478) 472-8188 Fax (478) 472-2042

*Dr. Carolyn W. Medlock*  
Superintendent

## BOARD OF EDUCATION

EUGENE FELTON, Chmn.  
Marshallville, Georgia

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Oglethorpe, Georgia

MARY H. JACKSON  
Montezuma, Georgia

DON OLIVER  
Idol, Georgia

JEFFERY ROGERS  
Montezuma, Georgia

## FAX TRANSMITTAL

DATE: 4/12/06

TO: Linda Clark

FAX #: 973-599-6521

COMPANY: SHD

CITY: \_\_\_\_\_

FROM: Annie Marshall

NUMBER OF PAGES INCLUDING COVER SHEET 4



# MACON COUNTY SCHOOLS

P. O. Box 488  
Oglethorpe, Georgia 31068  
(478) 472-8188 Fax (478) 472-2042

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## FAX TRANSMITTAL

DATE:

4/12/06

TO:

Linda Clark

FAX #:

913-599-6521

COMPANY:

SLD

CITY:

FROM:

Annie Marshall

NUMBER OF PAGES INCLUDING COVER SHEET

4

MEMO:

Application # 469387

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AN EQUAL OPPORTUNITY EMPLOYER





Universal Service Administrative Company  
Schools & Libraries Division

Date: 4/3/06

Dear Annie Marshall  
Macon County School System  
(478) 472-8188  
Application Number(s): 469387

The Program Integrity Assurance (PIA) team is in the process of reviewing all Form 471 Applications for schools and libraries discounts to ensure that they are in compliance with the rules of the federal universal service program. We are currently in the process of reviewing your Funding Year 2006 Form 471 Application. To complete our review, we need some additional information. The information needed to complete the review is listed below.

**FRN(s) 1292455 & 1292530:**

We will need some additional information; you may enlist the aid of the vendor in providing the needed information.

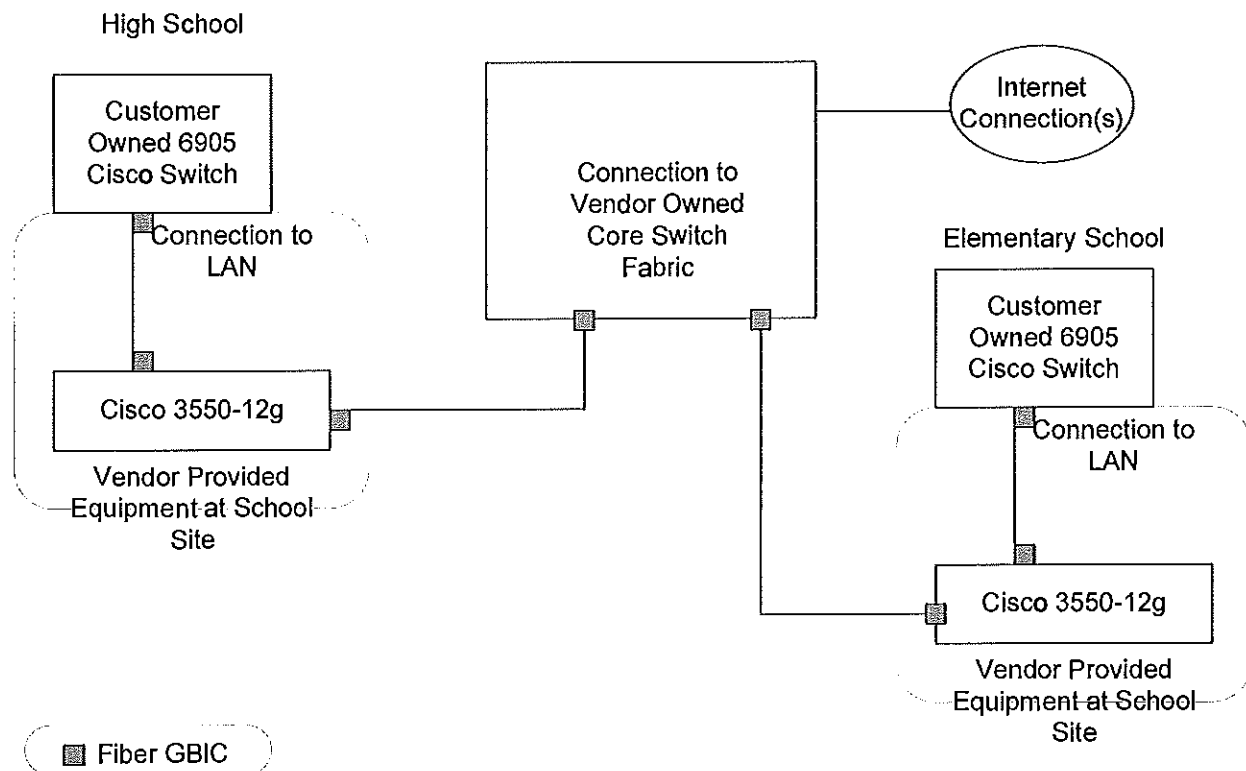
1. We will need a detail of the one time costs for both FRN's. Should include the make and model of the electronics, and the cost of the fiber and its installation.

| High School |       |                         |              |                |
|-------------|-------|-------------------------|--------------|----------------|
| Item        | Qty   | Description             | Unit Price   | Extended Price |
| 1           | 1     | Cisco Switch 3550-12g   | \$ 10,000.00 | \$ 10,000.00   |
| 2           | 3     | LX-GBICS                | \$ 500.00    | \$ 1,500.00    |
| 3           | 350   | 3" Conduit              | \$ 3.00      | \$ 1,050.00    |
| 4           | 2     | Splice Tray             | \$ 350.00    | \$ 700.00      |
| 5           | 20000 | Single-Mode Fiber Cable | \$ 5.00      | \$ 100,000.00  |
| 6           | 2     | Outside-Enclosures      | \$ 3,800.00  | \$ 7,600.00    |
| 7           | 15000 | Feet Boring             | \$ 12.00     | \$ 180,000.00  |
| 8           | 24    | Splicing Fiber          | \$ 20.00     | \$ 480.00      |
| 9           | 3     | Duplex Fiber Jumpers    | \$ 50.00     | \$ 150.00      |
| 10          | 1     | Permits                 | \$ 5,087.14  | \$ 5,087.14    |
| 11          | 1     | Installation            | \$ 28,500.00 | \$ 28,500.00   |
|             |       |                         |              | \$ 335,067.14  |

| Elementary School |       |                         |              |                |
|-------------------|-------|-------------------------|--------------|----------------|
| Item              | Qty   | Description             | Unit Price   | Extended Price |
| 1                 | 1     | Cisco Switch 3550-12g   | \$ 10,000.00 | \$ 10,000.00   |
| 2                 | 3     | LX-GBICS                | \$ 500.00    | \$ 1,500.00    |
| 3                 | 500   | 3" Conduit              | \$ 3.00      | \$ 1,500.00    |
| 4                 | 3     | Splice Tray             | \$ 350.00    | \$ 1,050.00    |
| 5                 | 13000 | Single-Mode Fiber Cable | \$ 5.00      | \$ 65,000.00   |
| 7                 | 12000 | Feet Boring             | \$ 12.00     | \$ 144,000.00  |
| 8                 | 36    | Splicing Fiber          | \$ 20.00     | \$ 720.00      |
| 9                 | 3     | Duplex Fiber Jumpers    | \$ 50.00     | \$ 150.00      |
| 10                | 1     | Permits                 | \$ 8,089.44  | \$ 8,089.44    |
| 11                | 1     | Installation            | \$ 28,500.00 | \$ 28,500.00   |
|                   |       |                         |              | \$ 260,509.44  |

2. A new diagram that includes the location of the electronics (by make and model), and how they connect to the applicant's internal network (LAN). To show how the service gets from provider to LAN.

**Macon County Schools Internet Access Network Diagram**



3. For the vendor infrastructure costs being requested for recovery, we will need to know the total cost to the vendor, and the applicant's share. \$739,000.00 Vendor Cost - \$595,576.58 Applicant's. We will need to know if the applicant's monthly cost will decrease as the vendor adds new customers to its infrastructure. No.
4. Since this is a request for fiber, who will light the fiber. Vendor owned equipment, or applicant owned equipment? The Fiber will be lit by the provider.

**If you are unable to justify the charges requested on your Form 471, the request may be reduced or denied.**

Should you wish to cancel this application, or any of your individual funding requests, please clearly indicate in your response that it is your intention to cancel an application or funding request(s); along with the application number and/or funding request number(s), and the complete name, title and signature of the authorized individual.

Please fax or e-mail the requested information to my attention. If you have any questions, please feel free to contact me.

It is important that we receive all of the information requested so we can complete our review. **Failure to do so may result in a reduction or denial of funding.**

**Please send the requested information within seven calendar days.**

Thank you for cooperation and continued support of the Universal Service Program.

Sincerely,

Linda Clark  
Schools and Libraries Division  
Program Integrity Assurance  
Phone: 973-581-5080  
FAX: 973-599-6521  
lclark@sl.universalservice.org

## **EXHIBIT 5**

**[Macon County Letterhead]**

October 19, 2010

Gary Tarantino  
Senior Special Compliance Reviewer  
USAC Schools and Libraries Division  
30 Lanidex Plaza West  
Parsippany, NJ 07054  
Phone: 973-581-5065  
Fax: 973-599-6552

Mr. Tarantino,

**Per your request the following is the response to your questions regarding FCC Form 471 Application Number 469387.**

**SLD Request:**

*Your funding year (FY) 2005 FCC form 471 #469387, funding requests number (FRNs) 1292455 and 1292530 request funding in the amount of \$274,909 and \$349,467 for Internet Access services. The bulk of each of these requests, \$260,509 and \$335,067 respectively, is a non-recurring charge (NRC) which is very large in relationship to the recurring charge for this service. USAC would like more information about these NRCs and a detailed description of the work associated with these NRCs as requested below. You may need to contact your service provider to obtain the requested information. Please provide a response for each of the two funding requests.*

*1. Please provide a breakdown of the costs associated with this NRC, including a detailed explanation of the work activities that are a part of the charge. Please explain why this large NRC is required for the provision of the requested Internet Access or Telecommunications service to the school district and why these costs should not be borne by the service provider as a cost of doing business.*

*Please provide documentation to support your response. For example, if a portion of the charge was for the recovery of construction costs, please provide an accounting of the project costs, including a detailed bill-of-materials for the project with itemized costs and a task list detailing the work done associated with the labor costs. Please include the hourly billed labor rate(s) for this work.*

**Response:**

**For FRN 1292455 for Internet Access services – the non-recurring charge (NRC) of \$260,509 and FRN 1292530 for Internet Access – the non-recurring charge (NRC) of \$335,067 is broken out in the attached letter from the service provider.**

**All hardware and cabling listed in the letter is owned by the Telecommunications provider (Systems & Solutions, Inc.).**

**All equipment for the provision of Internet Access service is vendor owned; there is NO option to purchase the equipment, and Macon County School District does not have exclusive access**

**SLD Request: (Responses, provided by contact with SSI, are immediately following the questions)**

*2. If the NRC was for the establishment of broadband service and the provision of the associated fiber optic cable, please provide the following:*

*For all construction activity which was funded with Schools and Libraries Program funds:*

- Please provide details on the total capacity of the cabling that was installed/deployed by the service provider, bandwidth and/or number of strands.*

**For both FRNs 12 fiber strands is the total capacity of the cabling that is installed/deployed by the service provider.**

- Please indicate how much of that capacity is being used by the school, bandwidth and/or number of strands.*

**For FRN 1292455: There are 2 fiber strands per entity for a total of six (6 strands) is the capacity being used by the District.**

**For FRN 1292530: There are 2 fiber strands per entity for a total of four (4 strands) is the capacity being used by the District.**

- Please provide details on how your service provider cost allocated the construction cost for the project between costs associated with capacity used by the school and surplus capacity which can be utilized to serve commercial customers.*

**The District is only charged by the service provider for 2 fiber strands per entity (6 fiber strands in FRN 1292455 and 4 strands in FRN 1292530) Therefore, there is no cost allocation because there is no surplus capacity for which the District or USF is paying.**

- *Please provide supporting documentation for this cost allocation.*

**For both FRNs: N/A – no cost allocation.**

- *Please provide a network diagram showing all the end points of the installed fiber.*

**For both FRNs: Please see attached network diagram.**

- *Please indicate what proportion of this construction work was on school premises and what proportion was on the service provider's right of way.*

**For both FRNs:**

**Proportion of the construction work that will be on school premises is 15% of the total cost.**

**Proportion of the construction work that will be on the service provider's right of way is 85% of the total cost.**

- *Please indicate who owns the end point electronics, the school or the service provider.*

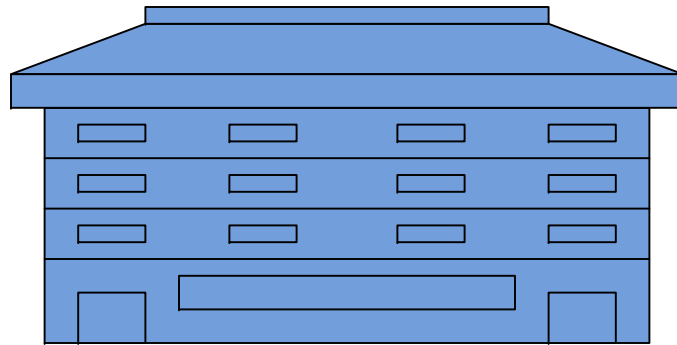
**For both FRNs the Service Provider (SSI) owns the end point electronics.**

- *Please provide make, model and quantity of these end point electronics.*

**Please see attached detail (letter from SSI) for the make, model and quantity of the end point electronics.**

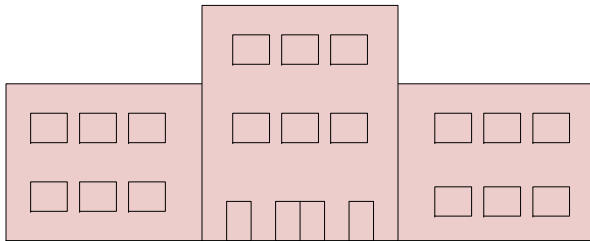
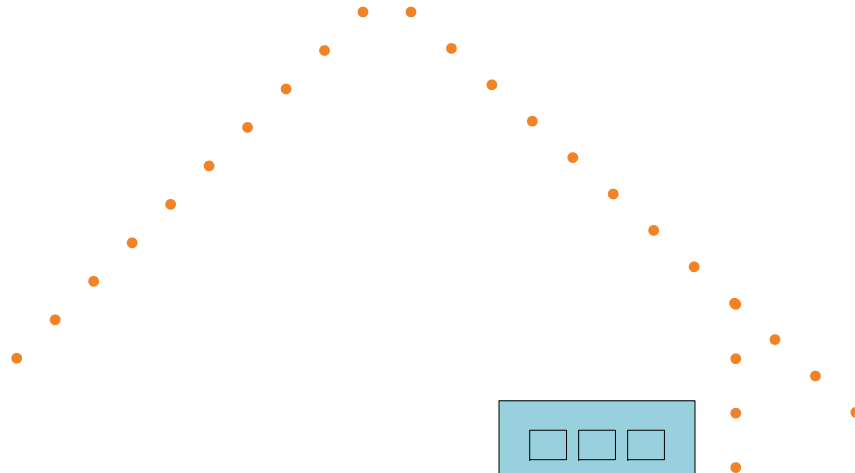
Sincerely,

Annie Marshall  
Technology Director  
Macon County School System

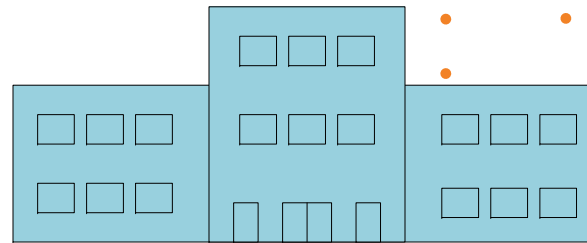


**Macon Cty BOE**

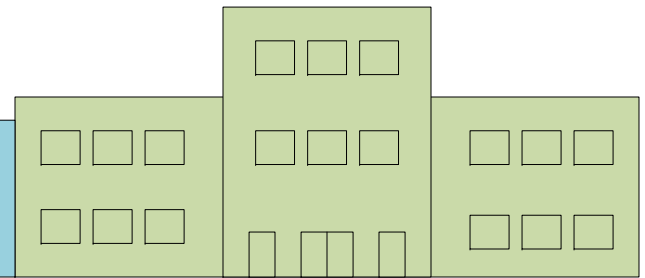
..... FIBER



**MACON CTY ELEMENTARY**



**MACON CTY MIDDLE**



**MACON CTY HS**





October 18, 2010

For FRN 1292455 for Internet Access services. Non-recurring charge (NRC) of \$260,509 is broken out in the table below:

| High School |       |                         |              |                |
|-------------|-------|-------------------------|--------------|----------------|
| Item        | Qty   | Description             | Unit Price   | Extended Price |
| 1           | 1     | Cisco Switch 3550-12g   | \$ 10,000.00 | \$ 10,000.00   |
| 2           | 3     | LX-GBICS                | \$ 500.00    | \$ 1,500.00    |
| 3           | 350   | 3" Conduit              | \$ 3.00      | \$ 1,050.00    |
| 4           | 2     | Splice Tray             | \$ 350.00    | \$ 700.00      |
| 5           | 20000 | Single-Mode Fiber Cable | \$ 5.00      | \$ 100,000.00  |
| 6           | 2     | Outside-Enclosures      | \$ 3,800.00  | \$ 7,600.00    |
| 7           | 15000 | Feet Boring             | \$ 12.00     | \$ 180,000.00  |
| 8           | 24    | Splicing Fiber          | \$ 20.00     | \$ 480.00      |
| 9           | 3     | Duplex Fiber Jumpers    | \$ 50.00     | \$ 150.00      |
| 10          | 1     | Permits                 | \$ 5,087.14  | \$ 5,087.14    |
| 11          | 1     | Installation            | \$ 28,500.00 | \$ 28,500.00   |
|             |       |                         |              |                |
|             |       |                         |              | \$ 335,067.14  |

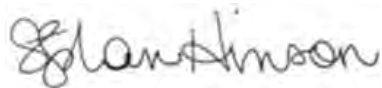
All equipment for the provision of Internet Access service is vendor owned; there is NO option to purchase the equipment, and Macon County School District does not have exclusive access

For FRN 1292530 for Internet Access services. Non-recurring charge (NRC) of \$335,067 is broken out in the table below:

| Elementary School |       |                         |              |                |
|-------------------|-------|-------------------------|--------------|----------------|
| Item              | Qty   | Description             | Unit Price   | Extended Price |
| 1                 | 1     | Cisco Switch 3550-12g   | \$ 10,000.00 | \$ 10,000.00   |
| 2                 | 3     | LX-GBICS                | \$ 500.00    | \$ 1,500.00    |
| 3                 | 500   | 3" Conduit              | \$ 3.00      | \$ 1,500.00    |
| 4                 | 3     | Splice Tray             | \$ 350.00    | \$ 1,050.00    |
| 5                 | 13000 | Single-Mode Fiber Cable | \$ 5.00      | \$ 65,000.00   |
| 7                 | 12000 | Feet Boring             | \$ 12.00     | \$ 144,000.00  |
| 8                 | 36    | Splicing Fiber          | \$ 20.00     | \$ 720.00      |
| 9                 | 3     | Duplex Fiber Jumpers    | \$ 50.00     | \$ 150.00      |
| 10                | 1     | Permits                 | \$ 8,089.44  | \$ 8,089.44    |
| 11                | 1     | Installation            | \$ 28,500.00 | \$ 28,500.00   |
|                   |       |                         |              |                |
|                   |       |                         |              | \$ 260,509.44  |

All equipment for the provision of Internet Access service is vendor owned; there is NO option to purchase the equipment, and Macon County School District does not have exclusive access

Sincerely,



Stephanie Hinson  
Systems and Solutions, Inc.

## **EXHIBIT 6**

**[Macon County Letterhead]**

November 19, 2010

Gary Tarantino  
Senior Special Compliance Reviewer  
USAC Schools and Libraries Division  
30 Lanidex Plaza West  
Parsippany, NJ 07054  
Phone: 973-581-5065  
Fax: 973-599-6552

Mr. Tarantino,

**Per your request attached is a letter from the Service Provider, Systems and Solutions, Inc. providing the response to your questions regarding FCC Form 471 Application Number 469387.**

Sincerely,

Annie Marshall  
Technology Director  
Macon County School System

**November 19, 2010**

**Ms. Annie Marshall  
Technology Director  
Macon County School District  
31 Buck Creek Bypass Road  
Oglethorpe, GA 31068**

**Ms. Marshall:**

**In response to the USAC request:**

Several funding requests (FRNs) on this application have been reviewed for cost effectiveness (CER). We have completed that review and determined that FRN 1292455 and FRN 1292530 have not been justified as cost effective as required by FCC rules. The specifics regarding this cost effectiveness review are presented below.

You are being afforded an opportunity to provide additional information or extenuating circumstances that would justify these FRNs as cost effective.

Cost effectiveness specifics: In response to a recent information request regarding the large non-recurring charges on this application, you provided a project accounting on service provider letterhead for each of these FRNs. Your service provider for the two FRNs under review is Systems & Solutions Inc. FRN 1292455 requests funding for the deployment of 20,000 feet of single mode fiber cable. FRN 1292530 requests funding for the deployment of 13,000 feet of single mode fiber cable. In both of these FRNs the price for that cable is \$5.00 per foot. This is well above market price for this cable and well above the price charged by this same service provider for other similar projects on similar applications for other schools. In each of nine similar projects, the service provider charged between a low of \$0.50 per foot and a high of \$0.69 per foot.

Please provide an explanation for the much higher charge in your two FRNs and please provide documentation which will justify this higher charge as cost effective. You may need to seek the assistance of your service provider in obtaining the needed information/documentation.

**Our response:**

**The original tables provided in the previous Special Compliance response and in a PIA response from 2006 combined costs that are broken out in the tables below:**

---

**MACON COUNTY FRN: 1292455**


---

**HIGH /MIDDLE SCHOOL**

| HARDWARE COST   | PART NUMBER | QTY   | UNIT COST     | EXTENDED COST        |
|---|-------------|-------|---------------|----------------------|
| CATALYST 3550 12G   | 3550-12G    | 2     | \$ 5,000.00   | \$ 10,000.00         |
| LX GBICS  | GLC-LX      | 4     | \$ 500.00     | \$ 2,000.00          |
| 3M SM DUPLEX JUMPERS FIBER  |             | 4     | \$ 50.00      | \$ 200.00            |
| <b>CABLING COST</b>   |             |       |               |                      |
| FIBER WITH ARMOUR /BURIAL   | LUCENT      | 20000 | \$ 0.95       | \$ 19,000.00         |
| FIBER SPLICES / LABOR AND MATERIALS   | SSI         | 1     | \$ 15,870.00  | \$ 15,870.00         |
| <b>CONSTRUCTION COSTS</b>   |             |       |               |                      |
| MAKE READY WORK (POLE CONNECTION FEES MAKE-READY OF POLES, RIGHT-OF-WAY, PERMITS) | SSI         | 1     | \$ 5,087.14   | \$ 5,087.14          |
| BORING  | SHOOK       | 1     | \$ 180,000.00 | \$ 180,000.00        |
| TRENCHING   | SHOOK       | 1     | \$ 10,000.00  | \$ 10,000.00         |
| FIBER BURIAL  | SHOOK       | 5000  | \$ 1.15       | \$ 5,750.00          |
| INSTALLATION/TERMINATION OF 4 STRANDS/INSTALLATION OF FIBER 15000FT               | SSI/SHOOK   | 1     | \$ 87,160.00  | \$ 87,160.00         |
| <b>TOTAL FOR INTERNET ACCESS ONE-TIME CHARGE:</b>                                 |             |       |               | <b>\$ 335,067.14</b> |

**All equipment for the provision of Internet Access service is vendor owned; there is NO option to purchase the equipment, and Macon County School District does not have exclusive access**

---

**MACON COUNTY FRN: 1292530**


---

**ELEMENTARY SCHOOL**

| HARDWARE COST   | PART NUMBER | QTY   | UNIT COST     | EXTENDED COST        |
|---|-------------|-------|---------------|----------------------|
| CATALYST 3550 12G   | 3550-12G    | 2     | \$ 5,000.00   | \$ 10,000.00         |
| LX GBICS  | GLC-LX      | 4     | \$ 500.00     | \$ 2,000.00          |
| 3M SM DUPLEX JUMPERS FIBER  |             | 4     | \$ 50.00      | \$ 200.00            |
| <b>CABLING COST</b>   |             |       |               |                      |
| FIBER WITH ARMOUR /BURIAL   | LUCENT      | 13000 | \$ 0.95       | \$ 12,350.00         |
| FIBER SPLICES / LABOR AND MATERIALS   | SSI         | 1     | \$ 7,935.00   | \$ 7,935.00          |
| <b>CONSTRUCTION COSTS</b>   |             |       |               |                      |
| MAKE READY WORK (POLE CONNECTION FEES MAKE-READY OF POLES, RIGHT-OF-WAY, PERMITS) | SSI         | 1     | \$ 8,089.44   | \$ 8,089.44          |
| BORING  | SHOOK       | 1     | \$ 144,000.00 | \$ 144,000.00        |
| TRENCHING   | SHOOK       | 1     | \$ 2,000.00   | \$ 2,000.00          |
| FIBER BURIAL  | SHOOK       | 2000  | \$ 1.15       | \$ 2,300.00          |
| INSTALLATION/TERMINATION OF 4 STRANDS/INSTALLATION OF FIBER 15000FT               | SSI/SHOOK   | 1     | \$ 71,635.00  | \$ 71,635.00         |
| <b>TOTAL FOR INTERNET ACCESS ONE-TIME CHARGE:</b>                                 |             |       |               | <b>\$ 260,509.44</b> |

**All equipment for the provision of Internet Access service is vendor owned; there is NO option to purchase the equipment, and Macon County School District does not have exclusive access**

Sincerely,



Stephanie Hinson  
 Systems & Solutions, Inc.  
 706.825.2797  
[Stephanie.hinson@systemsandsolutions.net](mailto:Stephanie.hinson@systemsandsolutions.net)

---

4571 C Cox Road  
 Evans, GA 30809  
 PH: 706.364.1774 FAX: 1.866.278.0290

---

## **EXHIBIT 7**



**[Macon County Letterhead]**

December 08, 2010

Gary Tarantino  
Senior Special Compliance Reviewer  
USAC Schools and Libraries Division  
30 Lanidex Plaza West  
Parsippany, NJ 07054  
Phone: 973-581-5065  
Fax: 973-599-6552

Mr. Tarantino,

Per your request attached is a letter from the Service Provider, Systems and Solutions, Inc. providing the response to your questions regarding FCC Form 471 Application Number 469387.

Also, please see the attached signed and dated contract as requested.

Sincerely,

Annie Marshall  
Technology Director  
Macon County School System

**December 7, 2010**

**Ms. Annie Marshall  
Technology Director  
Macon County School District  
31 Buck Creek Bypass Road  
Oglethorpe, GA 31068**

**Ms. Marshall:**

**In response to the USAC questions regarding FCC Form 471 Application Number 469387, FRN 1292455 and FRN 1292530 please see the information below.**

**FRN 1292530**

This is in response to the USAC's November 22, 2010 PIA.

There is a comparison between the PIA Response of October 10, 2010, and the Response of November 19, 2010.

The Response of October 10, 2010, was the result of records from an individual that responded to the original FCC Form 470, but who is no longer with Systems and Solutions. The October 10, 2010 Response was re-evaluated and determined that a corrected response had to be submitted to USAC. The substitute response is the Response submitted on November 19, 2010.

**PLEASE REPLACE THE OCTOBER 10, 2010 RESPONSE WITH THE RESPONSE OF NOVEMBER 19, 2010.**

**FRN 1292455**

This is in response to the USAC's November 22, 2010 PIA.

There is a comparison between the PIA Response of October 10, 2010, and the Response of November 19, 2010.

The Response of October 10, 2010, was the result of records from an individual that responded to the original FCC Form 470, but who is no longer with Systems and Solutions. The October 10,

2010 Response was re-evaluated and determined that a corrected response had to be submitted to USAC. The substitute response is the Response submitted on November 19, 2010.

PLEASE REPLACE THE OCTOBER 10, 2010 RESPONSE WITH THE RESPONSE OF NOVEMBER 19, 2010.

Sincerely,



Stephanie Hinson  
Systems & Solutions, Inc.  
706.825.2797  
[Stephanie.hinson@systemsandsolutions.net](mailto:Stephanie.hinson@systemsandsolutions.net)

## **EXHIBIT 8**

Stephanie Hinson  
Systems and Solutions, Inc.  
440 Overlook Mountain Dr.  
suwanee, GA 30024

~~\$~~ 45,590

MACOM CO.



Schools &amp; Libraries Division

## Notification of Commitment Adjustment Letter

Funding Year 2005: July 1, 2005 - June 30, 2006

June 29, 2011

Stephanie Hinson  
Systems and Solutions, Inc.  
440 Overlook Mountain Dr.  
Suwanee, GA 30024

Re: SPIN: 143024162  
Service Provider Name: Systems and Solutions, Inc.  
  
Form 471 Application Number: 469387  
Funding Year: 2005  
  
FCC Registration Number:  
  
Applicant Name: MACON COUNTY SCHOOL SYSTEM  
  
Billed Entity Number: 127443  
  
Applicant Contact Person: Annie Marshall

Our routine review of Schools and Libraries Program funding commitments has revealed certain applications where funds were committed in violation of Program rules.

In order to be sure that no funds are used in violation of Program rules, the Universal Service Administrative Company (USAC) must now adjust the overall funding commitment. The purpose of this letter is to make the required adjustments to the funding commitment, and to give you an opportunity to appeal this decision. USAC has determined the service provider is responsible for all or some of the program rule violations. Therefore, the service provider is responsible to repay all or some of the funds disbursed in error (if any).

This is NOT a bill. If recovery of disbursed funds is required, the next step in the recovery process is for USAC to issue you a Demand Payment Letter. The balance of the debt will be due within 30 days of that letter. Failure to pay the debt within 30 days from the date of the Demand Payment Letter could result in interest, late payment fees, administrative charges and implementation of the "Red Light Rule." The FCC's Red Light Rule requires USAC to dismiss pending FCC Form 471 applications if the entity responsible for paying the outstanding debt has not paid the debt, or otherwise made satisfactory arrangements to pay the debt within 30 days of the notice provided by USAC. For more information on the Red Light Rule, please see "Red Light Frequently Asked Questions (FAQs)" posted on the FCC website at [http://www.fcc.gov/debt\\_collection/faq.html](http://www.fcc.gov/debt_collection/faq.html).

Schools and Libraries Division - Correspondence Unit  
100 South Jefferson Road, P.O. Box 902, Whippany, NJ 07981  
Visit us online at: [www.usac.org/sl](http://www.usac.org/sl)

**TO APPEAL THIS DECISION:**

You have the option of filing an appeal with USAC or directly with the Federal Communications Commission (FCC).

If you wish to appeal the Commitment Adjustment Decision indicated in this letter to USAC your appeal must be received or postmarked within 60 days of the date of this letter. If you wish to appeal the Commitment Adjustment Decision indicated in this letter, your appeal must be received or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. In your letter of appeal:

1. Include the name, address, telephone number, fax number, and email address (if available) for the person who can most readily discuss this appeal with us.
2. State outright that your letter is an appeal. Identify the date of the Notification of Commitment Adjustment Letter and the Funding Request Number(s) (FRN) you are appealing. Your letter of appeal must include the
  - Billed Entity Name,
  - Form 471 Application Number,
  - Billed Entity Number, and
  - FCC Registration Number (FCC RN) from the top of your letter.
3. When explaining your appeal, copy the language or text from the Notification of Commitment Adjustment Letter that is the subject of your appeal to allow USAC to more readily understand your appeal and respond appropriately. Please keep your letter to the point, and provide documentation to support your appeal. Be sure to keep a copy of your entire appeal including any correspondence and documentation.
4. If you are an applicant, please provide a copy of your appeal to the service provider(s) affected by USAC's decision. If you are a service provider, please provide a copy of your appeal to the applicant(s) affected by USAC's decision.
5. Provide an authorized signature on your letter of appeal.  
To submit your appeal to USAC by email, email your appeal to [appeals@sl.universalservice.org](mailto:appeals@sl.universalservice.org). USAC will automatically reply to incoming emails to confirm receipt.

To submit your appeal to us by fax, fax your appeal to (973) 599-6542.

To submit your appeal to us on paper, send your appeal to:

Letter of Appeal  
Schools and Libraries Division - Correspondence Unit  
100 S. Jefferson Rd.  
P. O. Box 902  
Whippany, NJ 07981

For more information on submitting an appeal to USAC, please see the "Appeals Procedure" posted on our website.

If you wish to appeal a decision in this letter to the FCC, you should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. Your appeal must be received by the FCC or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. We strongly recommend that you use the electronic filing options described in the "Appeals Procedure" posted on our website. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554.

On the pages following this letter, we have provided a Funding Commitment Adjustment Report (Report) for the Form 471 application cited above. The enclosed Report includes the Funding Request Number(s) from your application for which adjustments are necessary. See the "Guide to USAC Letter Reports" posted at <http://usac.org/sl/tools/reference/guide-usac-letter-reports.aspx> for more information on each of the fields in the Report. USAC is also sending this information to the applicant for informational purposes. If USAC has determined the applicant is also responsible for any rule violation on the FRN(s), a separate letter will be sent to the applicant detailing the necessary applicant action.

Note that if the Funds Disbursed to Date amount is less than the Adjusted Funding Commitment amount, USAC will continue to process properly filed invoices up to the Adjusted Funding Commitment amount. Review the Funding Commitment Adjustment Explanation in the attached Report for an explanation of the reduction to the commitment(s). Please ensure that any invoices that you or the applicant(s) submits to USAC are consistent with Program rules as indicated in the Funding Commitment Adjustment Explanation. If the Funds Disbursed to Date amount exceeds the Adjusted Funding Commitment amount, USAC will have to recover some or all of the disbursed funds. The Report explains the exact amount (if any) the service provider is responsible for repaying.

Schools and Libraries Division  
Universal Services Administrative Company

cc: Annie Marshall  
MACON COUNTY SCHOOL SYSTEM



Funding Commitment Adjustment Report  
Form 471 Application Number: 469387

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|  |                 |
|--|-----------------|
| Funding Request Number:                      | 1292455         |
| Contract Number:                             | MTM             |
| Services Ordered:                            | INTERNET ACCESS |
| Billing Account Number:                      |                 |
| Original Funding Commitment:                 | \$247,418.52    |
| Commitment Adjustment Amount:                | \$90,000.00     |
| Adjusted Funding Commitment:                 | \$157,418.52    |
| Funds Disbursed to Date:                     | \$247,418.52    |
| Funds to be Recovered from Service Provider: | \$90,000.00     |

Funding Commitment Adjustment Explanation:

After a thorough review, it was determined that the funding commitment for this request must be reduced by \$90,000.00. During the course of review it was determined that funding was provided for the following ineligible items: Fiber cable which has been determined to be not cost effective. The pre-discount cost associated with these items is \$100,000.00, respectively, for a total ineligible amount of \$100,000.00. At the applicants 90 percent discount rate this resulted in an improper commitment of \$90,000.00. FCC rules provide that funding may be approved only for eligible products and/or services. The USAC web site contains a list of eligible products and/or services. See the web site, [www.universalservice.org/sl/about/eligible-services-list.aspx](http://www.universalservice.org/sl/about/eligible-services-list.aspx) for the Eligible Services List. On the SPAC Form, the authorized person certifies at Item 10 that the service provider has billed its customer for services deemed eligible for support. Therefore, USAC has determined that the service provider is responsible for this rule violation. Accordingly, the commitment has been reduced by \$90,000.00 and if the recovery of improperly disbursed funds is required, USAC will seek recovery from the service provider.

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|  |                 |
|--|-----------------|
| Funding Request Number:                      | 1292530         |
| Contract Number:                             | MTM             |
| Services Ordered:                            | INTERNET ACCESS |
| Billing Account Number:                      |                 |
| Original Funding Commitment:                 | \$314,320.43    |
| Commitment Adjustment Amount:                | \$58,500.00     |
| Adjusted Funding Commitment:                 | \$256,020.43    |
| Funds Disbursed to Date:                     | \$301,560.43    |
| Funds to be Recovered from Service Provider: | \$45,540.00     |

**Funding Commitment Adjustment Explanation:**

After a thorough review, it was determined that the funding commitment for this request must be reduced by \$58,500.00. During the course of review it was determined that funding was provided for the following ineligible items: Fiber cable which has been determined to be not cost effective. The pre-discount cost associated with these items is \$65,000.00, respectively, for a total ineligible amount of \$65,000.00. At the applicants 90 percent discount rate this resulted in an improper commitment of \$58,500.00. FCC rules provide that funding may be approved only for eligible products and/or services. The USAC web site contains a list of eligible products and/or services. See the web site, [www.universalservice.org/sl/about/eligible-services-list.aspx](http://www.universalservice.org/sl/about/eligible-services-list.aspx) for the Eligible Services List. On the SPAC Form, the authorized person certifies at Item 10 that the service provider has billed its customer for services deemed eligible for support. Therefore, USAC has determined that the service provider is responsible for this rule violation. Accordingly, the commitment has been reduced by \$58,500.00 and if the recovery of improperly disbursed funds is required, USAC will seek recovery from the service provider.

## **EXHIBIT 9**

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Nathaniel Hawthorne  
Attorney/Consultant, Ltd.  
27600 Chagrin Blvd., Suite 265  
Cleveland, OH 44122

|                              |        |
|------------------------------|--------|
| Billed Entity Number:        | 127443 |
| Form 471 Application Number: | 469387 |
| Form 486 Application Number: |        |





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Administrator's Decision on Appeal – Funding Year 2005-2006

July 17, 2018

Nathaniel Hawthorne  
Attorney/Consultant, Ltd.  
27600 Chagrin Blvd  
Suite 265  
Cleveland, OH 44122

Re: Applicant Name: MACON COUNTY SCHOOL SYSTEM  
Billed Entity Number: 127443  
Form 471 Application Number: 469387  
Funding Request Number(s): 1292455, 1292530  
Your Correspondence Dated: August 08, 2011

After thorough review and investigation of all relevant facts, the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (USAC) has made its decision in regard to your appeal of USAC's Funding Year 2005 Commitment Adjustment Letter for the Application Number indicated above. This letter explains the basis of USAC's decision. The date of this letter begins the 60 day time period for appealing this decision. If your Letter of Appeal included more than one Application Number, please note that you will receive a separate letter for each application.

Funding Request Number(s): 1292455, 1292530  
Decision on Appeal: **Denied**  
Explanation:

- According to our records and the documentation that was submitted with the appeal it was determined that Macon County School System is requesting funding for 12 strand fiber at \$5.00 per foot. This price is well above two times market value. The appellant did not provide any new information or documentation within the appeal regarding the cost of fiber or to show the service provider was only charging the district for the two strands which were being utilized. Therefore, the appeal is denied.

FCC rules provide that funding may be approved only for eligible products and services. See 47 C.F.R. secs. 54.502. The USAC website contains a list of eligible products and services. See USAC website, [www.usac.org/sl](http://www.usac.org/sl), Eligible Services List. FCC rules further require that if 30% or more of the applicant's funding



request includes ineligible products and/or services, then the funding request must be denied, otherwise the funding request will be reduced accordingly. See 47 C.F.R. sec. 54.504(b). The FCC's Aiken County Public Schools Order directed USAC to permit the applicant 15 calendar days from the date of receipt of notice in writing by USAC to revise its funding request to remove the ineligible services or allow the applicant to provide additional documentation to show why the services are eligible. See Requests for Review of the Decisions of the Universal Service Administrator by Aiken County Public Schools Aiken, SC, et al., Schools and Libraries Universal Service Support Mechanism, File No. SLD-397612, et al., CC Docket No. 02-6, Order, 22 FCC Rcd 8735, FCC 07-61 para. 11 (May 8, 2007).

Since your appeal was denied in full, dismissed or cancelled, you may file an appeal with the FCC. Your appeal must be postmarked within 60 days of the date on this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. You should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554. Further information and options for filing an appeal directly with the FCC can be found under the Reference Area/"Appeals" of the SLD section of the USAC website or by contacting the Client Service Bureau. We strongly recommend that you use the electronic filing options.

We thank you for your continued support, patience and cooperation during the appeal process.

Schools and Libraries Division  
Universal Service Administrative Company

cc: Stephanie Hinson  
Systems & Solutions, Inc.  
440 Overlook Mountain Dr.  
Suwanee, GA 30024

Luquanda Jackson  
Macon County School System  
PO Box 488  
Oglethorpe, GA 31068-0488

Linda Alexander  
Epic Communications  
P.O. Box 39490  
Solon, OH 44139