Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of	)	
	)	
Schools and Libraries Universal Support Mechanism	)	CC Docket No. 02-6
	)	
	)	
Request for Review and/or Waiver By Knology of Kansas, Inc. of a Funding Decision by the Universal Service Administrative Company	)	Application No. 1018862
	)	
	)	
	)	

REQUEST FOR REVIEW AND/OR WAIVER BY KNOLOGY OF KANSAS, INC.

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December 16, 2016

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REQUEST FOR REVIEW AND/OR WAIVER BY KNOLOGY OF KANSAS, INC.

Pursuant to Sections 54.719 and 54.722 of the Commission's rules,[1/] Knology of Kansas, Inc. ("Knology") hereby requests review of the Universal Service Administrative Company's ("USAC") decision to deny[2/] Knology's appeal[3/] of several Notification of Commitment Adjustment Letters issued by USAC on August 15, 2016.[4/]

In its decision, USAC incorrectly affirmed previous determinations that the Lawrence Unified School District #497 ("District") had improperly accepted a limited number of complimentary Internet access service accounts from Knology in violation of the fair and open competitive bidding process requirement under the E-rate program rules. Specifically, USAC

[1/] 47 C.F.R. § 54.719(b), (c); 47 C.F.R. § 54.722(a).

[2/] Administrator's Decision on Appeal (Oct. 18. 2016) ("Denial"), attached as **Exhibit A**. USAC subsequently issued Demand Payment Letters to the E-rate applicant, Lawrence Unified School District #497, that collectively sought repayment of $507,559.10 for funds disbursed in Funding Years 2011, 2012, and 2013. *See* Demand Payment Letters issued by USAC to Lawrence Unified School District #497 (Oct. 25, 2016 and Oct. 28, 2016) ("Demand Payment Letters"), attached as **Exhibit B**.

[3/] Knology Appeal in Response to Notification of Commitment Adjustment Letters issued by USAC on August 15, 2016, for FRNs 2212982, 2175780, 2175790, 2338975, 2339017, 2338984, 2516598, 2516093, 2516096, 2516104 (filed Oct. 14, 2016) ("Knology Appeal"), attached as **Exhibit C**.

[4/] Notification of Commitment Adjustment Letters to Knology of Kansas, Inc. for FRNs 2212982, 2175780, 2175790, 2338975, 2339017, 2338984, 2516598, 2516093, 2516096, 2516104 (Aug. 15, 2016) (Notification of Commitment Adjustment Letters), attached as **Exhibit D**.

incorrectly held that the complimentary accounts constituted a prohibited "gift" under Section 54.503(d)(1),[5/] invalidating the entirety of the District's E-rate funding awards for Funding Years 2011 through 2013, and demanding that the District refund more than $500,000 in disbursed funds.[6/] USAC has also denied the District approximately $340,000 in funding for Funding Years 2014 and 2015.[7/] For the reasons set forth below, the Commission must reverse USAC's decision, vacate the Notification of Commitment Adjustment Letters and subsequent Demand Payment Letters, and direct USAC to cease all further collections efforts. The Commission should also allow the District to receive funding for Funding Years 2014 and 2015, with the services cost-allocated as appropriate.

The complimentary Internet access service accounts provided to the District were entirely proper. *First*, the complimentary accounts were not a prohibited "gift" under the rules but, instead, were a legitimate component of a larger service package requested and purchased by the District, consistent with complimentary services provided by Knology to the District for over thirty years, the services routinely provided to similarly sized commercial customers, and Knology's legal obligations as a common carrier and as an E-rate provider. *Second*, the Commission's rules and precedent make clear that providers are permitted to offer complimentary services to schools and libraries participating in the E-rate program as long as such services are not provided with the intent of influencing the competitive bidding process. *Third*, the complimentary accounts that were provided did not undermine the fair and open competitive bidding process. Such accounts are part of Knology's ordinary business service

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5/ 47 C.F.R. § 54.503(d)(1).

6/ *See* Exhibit B (Demand Payment Letters).

7/ *See* Request for Review and/or Waiver by the Lawrence Unified School District #497 of Funding Decisions by the Universal Service Administrative Company, CC Docket No. 02-6, Application Nos. 775595, 828451, and 922269 *et al.*, at 6-7 (filed Dec. 14, 2016) ("District Appeal to FCC").

package that it offers to other non-residential customers, and no competitive process was undermined as Knology was either the lone bidder or lowest bidder for each bid that it was awarded. *Finally*, even if the District's receipt of complimentary accounts violated the Commission's rules, USAC's judgment to deny and order the refund of all E-rate funding to the District for the entirety of Funding Years 2011, 2012, and 2013 is disproportionate to the alleged violation.

At most, the District did not properly cost-allocate ineligible services that were bundled with E-rate eligible services and remove those ineligible costs from its application. Under the Commission's E-rate cost-allocation rules, USAC's recovery of any funds from the District should be capped at the actual value of the complimentary residential accounts that Knology provided to the District. Alternatively, if the Commission believes that there was a violation of the "gift" rule, then it should grant any waivers it deems necessary. Such waivers would serve the public interest, as USAC's denial of all E-rate funding for Funding Years 2011 through 2015 is disproportionately punitive and would cause substantial harm to District's students.

I. BACKGROUND

Knology, which formerly provided service in Kansas as Sunflower Broadband, is wholly owned and operated by WideOpenWest Finance, LLC d/b/a WOW! Internet, Cable and Phone.[8/] Knology has participated in the E-rate program in various communities since 2010 and makes every effort to comply with all E-rate rules and regulations.[9/] Knology has provided a variety of

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[8/] Sunflower became Knology of Kansas, Inc. in 2010 and began operating under the d/b/a WOW! Internet, Cable and Phone following WOW's purchase of Knology in 2012.

[9/] Knology provides ongoing staff training to staff members responsible for overseeing E-rate program participation, and it has also utilized consultants to advise Knology on complicated rules and regulations. Staff members participate in training sessions each year, many of which are provided by USAC. *See* Declaration of Debra Schmidt, attached as **Exhibit E**.

telecommunications and other communications services to the District since 1990.[10/] Knology has also provided E-rate services to the District since Funding Year 2011, when the District first posted a Form 470 seeking bids on E-rate services. Knology was the only bidder for the project in that initial year.[11/] Knology and the District subsequently entered into a five-year Business Services Agreement, which provided that the District would receive "Up to 15 Free Gold Residential Internet Accounts."[12/]

In Funding Year 2013, the District requested bids for an additional 200 Mbps connection. According to the District, it received two bids—one from Knology and one from KanRen. Knology was the lowest-priced bidder and therefore was selected to provide the requested services.[13/]

In Funding Year 2014, the District requested bids for an additional 420 Mbps connection. According to the District, it received four bids. KanRen was the lowest bidder, with a bid of $10 per Mbps. Knology was the second-lowest bidder at $12 per megabit. The District selected KanRen as the winning bidder.[14/]

10/ *See* Declaration of Debra Schmidt.

11/ *See id.*; *see also* Memorandum from Jerri Kemble, Assistant Superintendent, Educational Programs & Technology, Lawrence Public Schools to Michael Deusinger, Manager, Special Compliance, USAC, at 1 (Feb. 25, 2016) ("Kemble Memorandum"), attached as **Exhibit F**.

12/ *See* Knology Business Communications Services Agreement dated March 15, 2011, attached as **Exhibit G**; *see also* SLD Appeal re: Lawrence Unified School District #497, BEN: 137570: FY2011-2012, FY2012-2013, FY2013-2014, FY2014-2015, FY 2015-2016, at 3 (filed Sept. 30, 2016) ("District Appeal to USAC"), attached as **Exhibit H**.

13/ *See* Declaration of Debra Schmidt; *see also* Kemble Memorandum at 1; District Appeal at Exhibit 2.

14/ *See* District Appeal to FCC at 6 & Exhibit E ("FY2014 Bidding Evaluation Matrix")

Knology continued to provide the complimentary accounts until May 2015, when the Business Services Agreement was amended in various respects.[15/] All free services have since been disconnected or are now subject to a charge.[16/]

The provision of complimentary services is a normal pricing and promotion strategy of Knology for commercial customers who meet certain volume or term commitments, and the values for the services provided to the District were equivalent to those given to Knology's other commercial customers.[17/]

In August 2016, USAC sent Notification of Commitment Adjustment Letters to Knology for Funding Year 2011 through Funding Year 2013.[18/] The letters stated that USAC's routine review of Schools and Libraries Program ("SLP") funding commitments had revealed certain applications where funds were committed were in violation of the SLP rules. Specifically, USAC determined that "the applicant was offered and accepted gifts in the form of free residential internet service from the service provider which resulted in a competitive bidding process that was not fair and open."[19/]

The District and Knology separately appealed those decisions to USAC on September 30, 2016, and October 14, 2016, respectively.[20/] In its appeal, Knology emphasized that it was not the applicant for or direct beneficiary of any E-rate program funding, and that all E-rate funds at issue here were disbursed through the District.[21/] USAC denied both appeals on October 18,

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15/ *See* May 2015 Amendment to Knology Business Communications Services Agreement, attached as **Exhibit I**.

16/ *See* Declaration of Debra Schmidt.

17/ *See id.*

18/ *See* Exhibit D (Notification of Commitment Adjustment Letters).

19/ *Id.*

20/ *See* Exhibit H (District Appeal); Exhibit C (Knology Appeal).

21/ Exhibit C (Knology Appeal).

2016—only four days after Knology filed its appeal.[22/] It subsequently issued Demand Payment Letters to the District on October 25, 2016 seeking recovery of its entire funding commitment to the District for Funding Year 2011 through Funding Year 2013.[23/]

On November 22, 2016, the District and Knology jointly filed an interim request for review by the Commission of USAC's decision to deny their respective appeals (the "Interim Appeal").[24/] In the Interim Appeal, the District and Knology noted that they have until December 23, 2016—60 days after USAC's denials of their appeals—to file appeals with the Commission. However, USAC demanded repayment of the disbursed funds by November 23, 2016—30 days after USAC issued the Demand Payment Letters—or the District and Knology would be placed on the Commission's red light list.[25/] As a result, the District and Knology opted to file the Interim Appeal to prevent them from being placed on the red light list. The District and Knology further noted that they reserved the right to file substantive appeals by the 60-day deadline and intended to do so.[26/] Knology now timely files this substantive appeal to supplement the Interim Appeal.

II. DISCUSSION

A. The Complimentary Residential Accounts Were Not a Prohibited "Gift."

USAC's decision should be reversed as the complimentary Internet access service accounts were in no manner a prohibited "gift" or any other sort of inducement tied to a competitive bid. Any argument that the accounts were offered to induce the District to choose

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22/ *See* Exhibit A (Denial).

23/ *See* Exhibit B (Demand Payment Letters).

24/ Request for Review by Knology of Kansas, Inc. and Lawrence Unified School District #497 of Funding Decisions by the Universal Service Administrative Company, WC Docket No. 02-6 (filed Nov. 22, 2016) ("Interim Appeal"), attached as **Exhibit J**.

25/ *See* Demand Payment Letters.

26/ Interim Appeal at 1 n.2.

Knology as its E-rate provider is belied by the long-standing nature of the services provided. Knology has provided complimentary accounts to the District since it first provided service to the District beginning in 1990—years before the E-rate program's very existence.[27/] Since then and through 2015, complimentary accounts were an ongoing part of the service package provided to the District. The decades between the time the accounts were first provided and the District's involvement in the program rebut the claim that there is any link between the accounts and the District's choice of Knology as its E-rate service provider. There is simply no temporal link to suggest that this is a gift of any sort.

The Business Services Agreement was also consistent with the Commission's rules at the time, which permitted free or discounted services to be bundled with E-rate eligible services—without cost-allocation—as long as the package was "available to some other class of subscribers or segment of the public."[28/] In this case, the complimentary accounts were a component of a larger service package that was not only consistent with the services the District had been provided for almost thirty years, but was also a package that mirrored service packages that Knology regularly provided to commercial entities of similar size and volume of use.[29/] Indeed, each of the contractual terms in the District's agreement, including the complimentary accounts, was consistent with terms provided to similarly-situated commercial customers.

Providing such complimentary accounts is a normal, reasonable pricing and promotion strategy regularly used by Knology (and most other providers for that matter) for large- and medium-sized commercial customers who meet certain volume or term commitments and

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27/ *See Federal-State Joint Board on Universal Service*, Report and Order, 12 FCC Rcd. 8776 (1997) (establishing a universal service support system that became effective on January 1, 1998).

28/ *See Schools and Libraries Universal Service Support Mechanism, A National Broadband Plan for Our Future*, Order, 25 FCC Rcd. 17324, ¶ 11 (WCB 2010) ("*2010 Clarification Order*").

29/ *See* Declaration of Debra Schmidt.

thresholds.[30/] The volume of services purchased by the District year after year easily qualified the District for such services as a commercial customer. The accounts were also intended to help school officials and employees perform their official functions. They were *not* intended to circumvent the program rules or influence the competitive bidding process.[31/]

As both a common carrier and a participant in the E-rate program, Knology had an obligation to apply a pricing policy and to provide complimentary services to the District consistent with its other commercial customers. As a common carrier and as required by tariff, it would be patently unlawful for Knology to discriminate against the District in the level of service and price provided by providing less in terms of the services, including complimentary accounts, than what is offered to equivalent commercial customers.[32/] Similarly, as a participant in the E-rate program, Knology must comply with the Lowest Corresponding Price ("LCP") rule, which dictates that E-rate eligible schools and libraries receive the lowest price available for similar services provided to similarly situated commercial customers.[33/] The LCP rule explicitly includes promotions in this equation: "Promotional rates offered by a service provider for a period of more than 90 days must be included among the comparable rates upon which the lowest corresponding price is determined."[34/] For these reasons, Knology had no option but to

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30/ *See id.*

31/ Notably, the District did not even use all fifteen of the free residential Internet accounts permitted under the contract. *See* Declaration of Debra Schmidt; District Appeal at 3 (stating that "only a portion of the fifteen accounts offered were actually put to use.").

32/ *See* 47 U.S.C. § 202(a) ("It shall be unlawful for any common carrier to make any unjust or unreasonable discrimination in charges, practices, classifications, regulations, facilities, or services for or in connection with like communication service, directly or indirectly, by any means or device, or to make or give any undue or unreasonable preference or advantage to any particular person, class of persons, or locality, or to subject any particular person, class of persons, or locality to any undue or unreasonable prejudice or disadvantage."); *see also* Exhibit C (Knology Appeal) (describing local telecom tariff that provides for the consideration of Individual Case Basis Arrangements on a non-discriminatory basis).

33/ 47 C.F.R. § 54.511(b).

34/ *Id.*

offer the District the same package at the same rate as was offered commercial customers of the same size, including the complimentary accounts.

B. The E-rate Program Rules Explicitly Recognize that Providers May Offer Complimentary Telecommunications Related Services to Schools and Libraries.

Contrary to USAC's determination, the Commission's E-rate rules fully anticipate that providers will include complimentary products or services of the type offered here, and that such services are not necessarily prohibited "gifts" under the program. In 2010, the Wireline Competition Bureau issued an order clarifying that the gift rule was "not intended to discourage charitable donations to E-rate eligible entities as long as those donations are not directly or indirectly related to E-rate procurement activities or decisions and provided the donation is not given with the intention of circumventing the competitive bidding or other E-rate program rules."[35/] The Bureau explained that "even if a charitable donation furthers educational programs and purposes, it will violate the E-rate program gift rule if it is provided for the specific purpose of influencing the E-rate competitive bidding process."[36/] For example, the Bureau noted that "gifts of equipment that increase the demand for a donor's services, and thus cause a school, school district or library to purchase more E-rate services from the donor, are prohibited because the underlying purpose of such gifts is likely not 'charitable' but rather to influence the purchasing patterns of the recipient school or library under the E-rate program."[37/]

USAC's decision erroneously relies on the assumption that all free services violate the Commission's gift rule. But the Commission has made clear that such services are permissible if

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35/ *See 2010 Clarification Order* at ¶ 10 (citing *Schools and Libraries Universal Service Support Mechanism and a National Broadband Plan for Our Future*, Sixth Report and Order, 25 FCC Rcd. 18762, ¶ 90 (2010) ("*Schools and Libraries Sixth Report and Order*")).

36/ *2010 Clarification Order* at ¶ 11.

37/ *Id.*

they are not intended to influence procurement activities or decisions. Here, the complimentary service accounts were permissibly provided to the District as part of a bundle with E-rate eligible services. They were *not* related to the *procurement* of those services or intended to circumvent the competitive bidding process. As noted above, Knology routinely provides complimentary residential Internet accounts to its commercial customers who agree to certain volume or term commitments. The District was not afforded any special treatment.

USAC has likewise recognized that free services are not necessarily prohibited under program rules and do not necessarily undermine a fair and open competitive bidding process. USAC's website features a "Free Services Advisory" offering guidance on how to account for "free" services and eligible services.[38/] The advisory states that "[p]rogram rules do not prohibit that practice as long as the donation is not provided as a sales inducement or, if the donation is in fact tied to a bid for services, the value of the donated products is subtracted from the pre-discount cost included in the funding request."[39/] In this case, as explained above, the complimentary residential Internet accounts were never tied to the bidding process; they were first provided to the District more than 20 years before its bid for services in 2011, and Knology routinely provided such accounts to its similarly situated commercial customers.

C. /The Complimentary Residential Accounts Offered Here in No Manner Undermined a Fair and Open Competitive Bidding Process.

At all times, and regardless of the complimentary accounts, the District conducted a fair and open competitive bidding process under the Commission's rules. Knology was either the only bidder or the lowest-priced bidder in each of the Funding Years that it was selected by the

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38/ USAC Free Services Advisory, *available at* http://www.usac.org/sl/applicants/step01/free-services-advisory.aspx (last visited Nov. 17, 2016).

39/ *Id.*

District as an E-rate service provider. Nothing about the provision of the complimentary accounts changes this fact.

Additionally, some of the Internet accounts cited in USAC's decision also predate the Commission's rule on prohibited gifts, which was adopted in 2011.[40/] Specifically, four of the accounts were in service in 2009 or earlier.[41/] None were activated in 2011, the year in which USAC alleges the accounts were used to unduly influence the competitive bidding process. All of the other accounts were placed into service in 2012, after the five-year Business Services Agreement was already in effect. The free Internet accounts could not possibly have undermined a fair and open competitive bidding process if no other service providers actually competed for the District's business in any of those years. And in Funding Year 2013, Knology was the lowest bidder of two providers who responded to the District's Form 470. Notably, the District selected another provider over Knology for services requested by the District in Funding Year 2014, when that other provider (KanRen) was the lowest-priced bidder.

The Commission has overturned prior decisions in which USAC found violations of the competitive bidding requirements in circumstances where "gifts" were of an entirely different nature than covered services. In a 2012 decision, USAC found that Kings Canyon Unified School District had accepted gifts, including meals, conference expenses, and site trip expenses from Trillion Partners, Inc. in violation of Commission rules.[42/] Nevertheless, the Commission concluded that the gifts did not impede the competitive bidding process, because Trillion offered

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40/ *See Schools and Libraries Sixth Report and Order* at ¶ 88; *see also* 47 C.F.R. § 54.503(d).

41/ *See* Declaration of Debra Schmidt.

42/ *Requests for Review of Decisions by the Universal Service Administrator by Kings Canyon Unified School District, Reedley, CA, et al.*, Order, DA 12-604 (WCB 2012) ("*Kings Canyon*"). The Commission did not apply the current gift rules in its decision because those rules became effective after the completion of the applicant's bidding process. It instead reviewed USAC's denials by determining whether the gifts at issue impeded a fair and open competitive bidding process. *Id.* at n.1.

the lowest price for the requested services and presented a proposal that Kings County believed accounted for the unique geography of its school district.[43/] The Commission therefore ordered USAC to cease recovery actions against both the applicant and the service provider.[44/]

As in *Kings Canyon*, Knology was the lowest-priced bidder for the services requested by the District in each of the Funding Years in question. Knology was also the only provider to a bid to the District in Funding Year 2011, so the terms had no impact on the outcome of the bidding process. Those terms were an established part of Knology's contract with the District by the time other service providers began to submit bids in Funding Year 2013, at which point the District selected Knology to provide an additional 200 Mbps connection because Knology was the lowest-priced bidder for the requested service.

D. Even if the District Violated the Commission's Prohibition on "Gifts," USAC's Drastic Proposed Action Is Unwarranted Because the Integrity of the Bidding Process Was Not Compromised.

Even if there was a violation of the gift rule, that infraction would not justify USAC's demand that the District repay all E-rate disbursements since Funding Year 2011. The complimentary Internet service was not offered or provided as any sort of sales inducement or attempt to circumvent the Commission's rules. As noted above, Knology routinely provides complimentary residential Internet accounts to commercial customers who meet certain volume or term commitments. Consistent with this practice, Knology provided limited complimentary services to the District dating back as early as 1990—years before the E-rate program was created—and more than two decades before the Commission adopted its rule on prohibited gifts. The purpose of the program rules, to ensure the integrity of the bidding process, was not

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43/ *Id.* at ¶ 2; *see also Requests for Review of Decisions of the Universal Service Administrator by Dimmitt Independent School District, et al.*, Order, 26 FCC Rcd. 15581, ¶ 10 (WCB 2011).

44/ *Kings Canyon* at ¶ 2.

compromised. If there was any failure to account for free versus eligible services, then USAC recovery efforts should be limited to the value of those free services.[45/]

In the alternative, if the Commission believes that there was a violation of the competitive bidding rules, then it should grant any waivers it deems necessary. USAC's decision to invalidate more than $840,000 in E-rate funding would not serve the public interest or the purposes of the E-rate program. Instead, this disproportionately punitive outcome would significantly harm the District and its students.

III. CONCLUSION

For the foregoing reasons, the Commission should grant the requested relief and order USAC to cease recovery actions against the District. USAC erred in its conclusion that the complimentary Internet accounts violated the Commission's competitive bidding rules for the E-rate program. *First*, the complimentary Internet accounts were not a prohibited gift. Knology routinely provides such accounts to its commercial customers, including the District, who meet certain volume and term commitments, and the practice was consistent with Knology's legal obligations as a common carrier and as an E-rate provider. *Second*, USAC's decision relies on its erroneous assumption that all complimentary services are prohibited under E-rate program rules. Such services are prohibited only if they are intended to circumvent E-rate program rules. Here, Knology's provision of a limited number of complimentary accounts was not intended to—and did not—influence the competitive bidding process. *Third*, the complimentary accounts did not undermine the fair and open competitive bidding process. Knology was either the lone

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45/ *See Schools and Libraries Universal Service Support Mechanism*, Fifth Report and Order, 19 FCC Rcd. 15808, ¶¶ 20-21 (2004) ("In situations where disbursement of funds is warranted under the statute and rules, but an erroneous amount has been disbursed, the amount of funds that should be recovered is the difference between what the beneficiary is legitimately allowed under our rules and the total amount of funds disbursed to the beneficiary or service provider.").

bidder or lowest bidder for each bid that it was awarded. *Finally*, if the Commission determines that the District's acceptance of the accounts was in any way prohibited under E-rate program rules, then it should direct USAC to seek recovery as a violation of the cost-allocation rules, not the gift rules. In the alternative, the Commission should grant any waivers it deems necessary, as such waivers would serve the public interest.

Respectfully submitted,

Knology of Kansas, Inc.

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December 16, 2016

CERTIFICATE OF SERVICE

This is to certify that on this 16th day of December, a true and correct copy of the foregoing Request for Review was sent via email to:

SLD, Universal Service Administrative Company, Appeals@sl.universalservice.org.

Craig Gilley

EXHIBIT A

Administrator’s Decision on Appeal

Kathyrn Ford
Knology of Kansas, Inc.
7887 E. Belleview Ave., Suite 1000
Englewood, CO 80111

Billed Entity Number: 137570
Form 471 Application Number: 1018862
Form 486 Application Number:

Administrator's Decision on Appeal – Funding Year 2015-2016

October 18, 2016

Kathyrn Ford
Knology of Kansas, Inc.
7887 E. Belleview Ave., Suite 1000
Englewood, CO 80111

Re:	Applicant Name:	LAWRENCE UNIFIED SCHOOL DISTRICT #497
	Billed Entity Number:	137570
	Form 471 Application Number:	1018862
	Funding Request Number(s):	2834906, 2834971, 2835015, 2835044
	Your Correspondence Dated:	October 14, 2016

After review of the information and documentation provided, 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 commitment decision for the FCC Form 471 Application Number and funding requests number(s) (FRN(s)) referenced above. This letter provides an explanation for USAC's decision. The date of this letter also begins the sixty (60) day time period for appealing this decision. If your Letter of Appeal included more than one FCC Form 471 Application Number, please note that you will receive a separate decision for each funding application.

Funding Request Number(s):	2834906, 2834971, 2835015, 2835044
Decision on Appeal:	**Denied**
Explanation:	

- USAC denied your funding requestss because the documentation provided by you and/or your service provider indicated that there was not a fair and open competitive bidding process free from conflicts of interest. Specifically, the documentation provided by you and/or your service provider indicated that prior to and/or throughout your contractual relationship with the Knology of Kansas Inc. listed on Funding Request Number (FRN) 2834906, 2834971, 2835015, 2835044 you were offered and accepted free Internet Access from the service provider. The amendment to the contract was not signed until May 19, 2015 which removed the free internet provision and ceased the free services. This action represents a conflict of interest and results in a violation of a fair and open competitive bidding process, as required by program rules. In your appeal, you

did not demonstrate that USAC's determination was incorrect. Consequently, your appeal is denied.

- An eligible school, library, or consortium that includes an eligible school or library shall seek competitive bids for all services eligible for support under the program. *See* 47 C.F.R. sec.54.503(b). All entities participating in the schools and libraries universal service support program must conduct a fair and open competitive bidding process. *See* 47 C.F.R. sec. 54.503(a). An eligible school, library, or consortium may not directly or indirectly solicit or accept any gift, gratuity, favor, entertainment, loan, or any other thing of value from a service provider participating in or seeking to participate in the schools and libraries universal service program. No such service provider shall offer or provide any such gift, gratuity, favor, entertainment, loan, or other thing of value. Modest refreshments not offered as part of a meal, items with little intrinsic value intended solely for presentation, and items worth $20 or less, including meals, may be offered or provided, and accepted by any individuals or entities subject to this rule, if the value of these items received by any individual does not exceed $50 from any one service provider per funding year. *See* 47 C.F.R. sec. 54.503(d)(1). The terms "school, library, or consortium" include all individuals who are on the governing boards of such entities (such as members of a school committee), and all employees, officers, representatives, agents, consultants or independent contractors of such entities involved on behalf of such school, library, or consortium with the E-rate Program, including individuals who prepare, approve, sign or submit E-rate applications or other forms related to the E-rate Program, or who prepare bids, communicate or work with E-rate service providers, E-rate consultants, or with USAC, as well as any staff of such entities responsible for monitoring compliance with the E-rate Program. The term "service provider" includes all individuals who are on the governing boards of such an entity (such as members of the board of directors), and all employees, officers, representatives, agents, or independent contractors of such entities. *See* 47 C.F.R. sec. 54.503(d)(2)(i) and (ii).

If you wish to appeal this decision, you may file an appeal pursuant to 47 C.F.R. Part 54, Subpart I. Detailed instructions for filing appeals are available at: http://www.usac.org/sl/about/program-integrity/appeals.aspx.

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

Schools and Libraries Division
Universal Service Administrative Company

EXHIBIT B

Demand Payment Letters issued by USAC to Lawrence Unified School District #497

FY2011

Rec'D 11/1/2011

Vickie Tapley
Knology of Kansas Inc.
1241 O G Skinner Drive
West Point, GA 31833

Rec'd 11/1/2016

USAC
Universal Service Administrative Company

Schools and Libraries Program

Demand Payment Letter

(Funding Year 2011: July 1, 2011 - June 30, 2012)

October 25, 2016

Jerri Kemble
LAWRENCE UNIFIED SCHOOL DISTRICT #497
P110 McDonald Drive
Lawrence, KS 66044

Re:	**Form 471 Application Number:**	**775595**
	Funding Year:	**2011**
	Applicant's Form Identifier:	**USD497-11a**
	Billed Entity Number:	**137570**
	FCC Registration Number:	**0011759149**
	SPIN:	**143008523**
	Service Provider Name:	**Knology of Kansas Inc.**
	Service Provider Contact Person:	**Vickie Tapley**
	Payment Due By:	**11/24/2016**

You were previously sent a Notification of Commitment Adjustment Letter informing you of the need to recover funds for the Funding Request Number(s) (FRNs) listed on the Funding Commitment Adjustment Report (Report) attached to the Notification of Commitment Adjustment Letter. A copy of that Report is attached to this letter.

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USAC
PO Box 105056
Atlanta, GA 30348-5056

Courier and Overnight Packages:

USAC
Lockbox 105056
1075 Loop Road
Atlanta, GA 30337
(404) 209-6377

ACH payments:

USAC requests that all ACH payment be sent in CCD+ format to:
ABA Routing #071000039, Account #5590045653

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Universal Service Administrative Company
Schools and Libraries Program

Funding Commitment Adjustment Report
Form 471 Application Number: 775595

Funding Request Number:	2175780
Services Ordered:	INTERNET ACCESS
SPIN:	143008523
Service Provider Name:	Knology of Kansas Inc.
Contract Number:	C
Billing Account Number:	1319995
Site Identifier:	137570
Original Funding Commitment:	$128,760.00
Commitment Adjustment Amount:	$128,760.00
Adjusted Funding Commitment:	$0.00
Funds Disbursed to Date:	$127,375.48
Funds to be Recovered from Applicant:	$127,375.48

Funding Commitment Adjustment Explanation:

After multiple requests for documentation and application review, it has been determined that this funding commitment must be rescinded in full. The documents provided by the applicant indicate that there was not a fair and open competitive bidding process. The documentation provided by the applicant indicates that the applicant was offered and accepted gifts in the form of free residential internet service from the service provider which resulted in a competitive bidding process that was not fair and open. FCC rules prohibit applicants from soliciting or accepting any gift or items of value from a service provider participating in or seeking to participate in the E-rate program. Therefore, the commitment has been rescinded in full and USAC will seek recovery of any improperly disbursed funds from both the applicant and the service provider.

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Funding Request Number:	2175790
Services Ordered:	TELCOMM SERVICES
SPIN:	143008523
Service Provider Name:	Knology of Kansas Inc.
Contract Number:	C
Billing Account Number:	2241941
Site Identifier:	137570
Original Funding Commitment:	$17,363.81
Commitment Adjustment Amount:	$17,363.81
Adjusted Funding Commitment:	$0.00
Funds Disbursed to Date:	$16,965.68
Funds to be Recovered from Applicant:	$16,965.68

Funding Commitment Adjustment Explanation:

After multiple requests for documentation and application review, it has been determined that this funding commitment must be rescinded in full. The documents provided by the applicant indicate that there was not a fair and open competitive bidding process. The documentation provided by the applicant indicates that the applicant was offered and accepted gifts in the form of free residential internet service from the service provider which resulted in a competitive bidding process that was not fair and open. FCC rules prohibit applicants from soliciting or accepting any gift or items of value from a service provider participating in or seeking to participate in the E-rate program. Therefore, the commitment has been rescinded in full and USAC will seek recovery of any improperly disbursed funds from both the applicant and the service provider.

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FY2011

Rec'D 11/1/2016

Vickie Tapley
Knology of Kansas Inc.
1241 O G Skinner Drive
West Point, GA 31833

Rec'd 11/1/2016

USAC
Universal Service Administrative Company

Schools and Libraries Program

Demand Payment Letter

(Funding Year 2011: July 1, 2011 - June 30, 2012)

October 28, 2016

EDDIE HOLT
LAWRENCE UNIFIED SCHOOL DISTRICT #497
PO BOX 1426
LAWRENCE, KS 66044

Re:	**Form 471 Application Number:**	**814366**
	Funding Year:	**2011**
	Applicant's Form Identifier:	**USD497-11ANALOG**
	Billed Entity Number:	**137570**
	FCC Registration Number:	**0011759149**
	SPIN:	**143008523**
	Service Provider Name:	**Knology of Kansas Inc.**
	Service Provider Contact Person:	**Vickie Tapley**
	Payment Due By:	**11/27/2016**

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Universal Service Administrative Company
Schools and Libraries Program

Funding Commitment Adjustment Report
Form 471 Application Number: 814366

Funding Request Number:	2212982
Services Ordered:	TELCOMM SERVICES
SPIN:	143008523
Service Provider Name:	Knology of Kansas Inc.
Contract Number:	C
Billing Account Number:	2241941
Site Identifier:	137570
Original Funding Commitment:	$11,578.31
Commitment Adjustment Amount:	$11,578.31
Adjusted Funding Commitment:	$0.00
Funds Disbursed to Date:	$11,059.79
Funds to be Recovered from Applicant:	$11,059.79

Funding Commitment Adjustment Explanation:

After multiple requests for documentation and application review, it has been determined that this funding commitment must be rescinded in full. The documents provided by the applicant indicate that there was not a fair and open competitive bidding process. The documentation provided by the applicant indicates that the applicant was offered and accepted gifts in the form of free residential internet service from the service provider which resulted in a competitive bidding process that was not fair and open. FCC rules prohibit applicants from soliciting or accepting any gift or items of value from a service provider participating in or seeking to participate in the E-rate program. Therefore, the commitment has been rescinded in full and USAC will seek recovery of any improperly disbursed funds from both the applicant and the service provider.

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FY2012

Rec'd 11/1/2016

Vickie Tapley
Knology of Kansas Inc.
1241 O G Skinner Drive
West Point, GA 31833

Rec'd 11/1/2016

USAC
Universal Service Administrative Company

Schools and Libraries Program

Demand Payment Letter

(Funding Year 2012: July 1, 2012 - June 30, 2013)

October 25, 2016

Jerri Kemble
LAWRENCE UNIFIED SCHOOL DISTRICT #497
110 McDonald Drive
Lawrence, KS 66044

Re:	**Form 471 Application Number:**	**828451**
	Funding Year:	**2012**
	Applicant's Form Identifier:	**497-12**
	Billed Entity Number:	**137570**
	FCC Registration Number:	**0011759149**
	SPIN:	**143008523**
	Service Provider Name:	**Knology of Kansas Inc.**
	Service Provider Contact Person:	**Vickie Tapley**
	Payment Due By:	**11/24/2016**

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(404) 209-6377

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Universal Service Administrative Company
Schools and Libraries Program

Funding Commitment Adjustment Report
Form 471 Application Number: 828451

Funding Request Number:	2338975
Services Ordered:	INTERNET ACCESS
SPIN:	143008523
Service Provider Name:	Knology of Kansas Inc.
Contract Number:	C
Billing Account Number:	1319995
Site Identifier:	137570
Original Funding Commitment:	$135,420.00
Commitment Adjustment Amount:	$135,420.00
Adjusted Funding Commitment:	$0.00
Funds Disbursed to Date:	$135,420.00
Funds to be Recovered from Applicant:	$135,420.00

Funding Commitment Adjustment Explanation:

After multiple requests for documentation and application review, it has been determined this funding commitment must be rescinded in full. The documents provided by the applicant indicate that there was not a fair and open competitive bidding process. The documentation provided by the applicant indicates that the applicant was offered and accepted gifts in the form of free residential internet service from the service provider which resulted in a competitive bidding process that was not fair and open. FCC rules prohibit applicants from soliciting or accepting any gift or items of value from a service provider participating in or seeking to participate in the E-rate program. Therefore, the commitment has been rescinded in full and USAC will seek recovery of any improperly disbursed funds from both the applicant and the service provider.

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Funding Request Number:	2339017
Services Ordered:	TELCOMM SERVICES
SPIN:	143008523
Service Provider Name:	Knology of Kansas Inc.
Contract Number:	C
Billing Account Number:	2241941
Site Identifier:	137570
Original Funding Commitment:	$12,016.95
Commitment Adjustment Amount:	$12,016.95
Adjusted Funding Commitment:	$0.00
Funds Disbursed to Date:	$11,255.41
Funds to be Recovered from Applicant:	$11,255.41

Funding Commitment Adjustment Explanation:

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Funding Request Number:	2338984
Services Ordered:	TELCOMM SERVICES
SPIN:	143008523
Service Provider Name:	Knology of Kansas Inc.
Contract Number:	C
Billing Account Number:	2241941, 1319995
Site Identifier:	137570
Original Funding Commitment:	$18,808.96
Commitment Adjustment Amount:	$18,808.96
Adjusted Funding Commitment:	$0.00
Funds Disbursed to Date:	$17,707.49
Funds to be Recovered from Applicant:	$17,707.49

Funding Commitment Adjustment Explanation:

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FY2013

Rec'D 11/1/2016

Vickie Tapley
Knology of Kansas Inc.
1241 O G Skinner Drive
West Point, GA 31833

Rec'D
11/1/2016

USAC
Universal Service Administrative Company

Schools and Libraries Program

Demand Payment Letter

(Funding Year 2013: July 1, 2013 - June 30, 2014)

October 25, 2016

Jerri Kemble
LAWRENCE UNIFIED SCHOOL DISTRICT #497
PO BOX 1426
LAWRENCE, KS 66044

Re:	**Form 471 Application Number:**	**909793**
	Funding Year:	**2013**
	Applicant's Form Identifier:	**USD497-13**
	Billed Entity Number:	**137570**
	FCC Registration Number:	**0011759149**
	SPIN:	**143008523**
	Service Provider Name:	**Knology of Kansas Inc.**
	Service Provider Contact Person:	**Vickie Tapley**
	Payment Due By:	**11/24/2016**

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Universal Service Administrative Company
Schools and Libraries Program

Funding Commitment Adjustment Report
Form 471 Application Number: 909793

Funding Request Number:	2516104
Services Ordered:	TELCOMM SERVICES
SPIN:	143008523
Service Provider Name:	Knology of Kansas Inc.
Contract Number:	C
Billing Account Number:	
Site Identifier:	137570
Original Funding Commitment:	$11,890.82
Commitment Adjustment Amount:	$11,890.82
Adjusted Funding Commitment:	$0.00
Funds Disbursed to Date:	$11,489.04
Funds to be Recovered from Applicant:	$11,489.04

Funding Commitment Adjustment Explanation:

After multiple requests for documentation and application review, it has been determined that this funding commitment must be rescinded in full. The documents provided by the applicant indicate that there was not a fair and open competitive bidding process. The documentation provided by the applicant indicates that the applicant was offered and accepted gifts in the form of free residential internet service from the service provider which resulted in a competitive bidding process that was not fair and open. FCC rules prohibit applicants from soliciting or accepting any gift or items of value from a service provider participating in or seeking to participate in the E-rate program. Therefore, the commitment has been rescinded in full and USAC will seek recovery of any improperly disbursed funds from both the applicant and the service provider.

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Funding Request Number:	2516093
Services Ordered:	INTERNET ACCESS
SPIN:	143008523
Service Provider Name:	Knology of Kansas Inc.
Contract Number:	C
Billing Account Number:	1941057
Site Identifier:	137570
Original Funding Commitment:	$139,860.00
Commitment Adjustment Amount:	$139,860.00
Adjusted Funding Commitment:	$0.00
Funds Disbursed to Date:	$139,860.00
Funds to be Recovered from Applicant:	$139,860.00

Funding Commitment Adjustment Explanation:

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Funding Request Number:	2516096
Services Ordered:	TELCOMM SERVICES
SPIN:	143008523
Service Provider Name:	Knology of Kansas Inc.
Contract Number:	C
Billing Account Number:	1941057, 1966446
Site Identifier:	137570
Original Funding Commitment:	$18,357.12
Commitment Adjustment Amount:	$18,357.12
Adjusted Funding Commitment:	$0.00
Funds Disbursed to Date:	$18,282.21
Funds to be Recovered from Applicant:	$18,282.21

Funding Commitment Adjustment Explanation:

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FY2013

Rec'd 11/1/2016

Vickie Tapley
Knology of Kansas Inc.
1241 O G Skinner Drive
West Point, GA 31833

Rec'd 11/1/2016

USAC
Universal Service Administrative Company

Schools and Libraries Program

Demand Payment Letter

(Funding Year 2013: July 1, 2013 - June 30, 2014)

October 25, 2016

Jerri Kemble
LAWRENCE UNIFIED SCHOOL DISTRICT #497
110 McDonald Drive
LAWRENCE, KS 66044

Re:	**Form 471 Application Number:**	**922269**
	Funding Year:	**2013**
	Applicant's Form Identifier:	**USD497-200**
	Billed Entity Number:	**137570**
	FCC Registration Number:	**0011759149**
	SPIN:	**143008523**
	Service Provider Name:	**Knology of Kansas Inc.**
	Service Provider Contact Person:	**Vickie Tapley**
	Payment Due By:	**11/24/2016**

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Universal Service Administrative Company
Schools and Libraries Program

Funding Commitment Adjustment Report
Form 471 Application Number: 922269

Funding Request Number:	2516598
Services Ordered:	INTERNET ACCESS
SPIN:	143008523
Service Provider Name:	Knology of Kansas Inc.
Contract Number:	C
Billing Account Number:	NA
Site Identifier:	137570
Original Funding Commitment:	$18,144.00
Commitment Adjustment Amount:	$18,144.00
Adjusted Funding Commitment:	$0.00
Funds Disbursed to Date:	$18,144.00
Funds to be Recovered from Applicant:	$18,144.00

Funding Commitment Adjustment Explanation:

After multiple requests for documentation and application review, it has been determined that this funding commitment must be rescinded in full. The documents provided by the applicant indicate that there was not a fair and open competitive bidding process. The documentation provided by the applicant indicates that the applicant was offered and accepted gifts in the form of free residential internet service from the service provider which resulted in a competitive bidding process that was not fair and open. FCC rules prohibit applicants from soliciting or accepting any gift or items of value from a service provider participating in or seeking to participate in the E-rate program. Therefore, the commitment has been rescinded in full and USAC will seek recovery of any improperly disbursed funds from both the applicant and the service provider.

PLEASE SEND A COPY OF THIS PAGE WITH YOUR
CHECK TO ENSURE TIMELY PROCESSING

EXHIBIT C

Knology of Kansas, Inc. Letter of Appeal of Commitment Adjustment Letters issued by USAC on August 15, 2016 for FRNs 2212982, 2175780, 2175790, 2338975, 2339017, 2338984, 2516598, 2516093, 2516096, 2516104

October 14, 2016

VIA ELECTRONIC MAIL

Letter of Appeal
Schools and Libraries Program Correspondence Unit
30 Lanidex Plaza West
PO Box 685
Parsippany, NJ 07054-0685
via: appeals@sl.universalservice.org

RE: Appeal of Notification of Commitment Adjustment Letters issued by USAC on August 15, 2016, for FRNs 2212982, 2175780, 2175790, 2338975, 2339017, 2338984, 2516598, 2516093, 2516096, 2516104

Dear Sir/Madame:

The following information is provided to appeal the Notification of Commitment Adjustment Letters issued by USAC on August 15, 2016, for the above-mentioned FRNs, included herein as Attachment A. Knology of Kansas, Inc. ("KNOLOGY") appreciates the opportunity to clearly demonstrate why the above-listed funds should not be adjusted as indicated and why USAC should cease any impending actions to recover funds from KNOLOGY.

Service Provider Contact Information:

Service Provider Info.	Knology of Kansas, Inc., SPIN 143008523
Contact Person	Kathryn E. Ford, Vice President – Legal Affairs
Contact Information	1241 O G Skinner Drive, West Point, GA 31833 Corporate Headquarters: 7887 E Belleview Ave., STE 1000 Englewood, CO 80111 Tel: (720) 479-3523; Fax: (720) 479-3564 Kathy.ford@wowinc.com

Applicant Information:

Applicant Name	Lawrence Unified School District #497

Billed Entity Number	137570
Form 471 Application Number	FY 2011: 814366, 775595 FY 2012: 828451 FY 2013: 922269, 909793

Documentation Supporting the Appeal:

Included herein as Attachment B, is KNOLOGY's explanation of the FRNs in question.

Relief Being Sought Through this Appeal:

Through this appeal, KNOLOGY will clearly demonstrate that: 1) it did not seek to influence, nor did it influence, the fair and open competitive bidding process; 2) the services in question pre-date the E-rate program's existence and were provided over many years for the sole purpose of allowing the school district board members to perform the necessary functions of their jobs; 3) The pricing practices employed for the school district were common and consistent with pricing practices employed for other large commercial customers of Knology with similar volume or term commitments, and as both a common carrier and a participant in the E-rate program, KNOLOGY had an obligation to apply consistent pricing policy to similarly situated customers and to ensure that its E-rate customers received the lowest corresponding price made commercially available; 4) the submission of the Form 471 funding request as well as Form 472 invoices were managed exclusively by the school district or its designated representative, and as such, it was the district's sole responsibility to cost allocate any "free" services to ensure that the total E-rate funding request was not overstated; and 5) KNOLOGY was not the recipient of any E-rate funding through the aforementioned FRNs, and should therefore not be made to pay E-rate monies back into the fund.

Upon review of this Appeal, Knology is confident that USAC will agree that no adjustments or recovery should be sought from KNOLOGY.

Your prompt and thorough attention to this Appeal is greatly appreciated. Should you have any questions, please contact the undersigned.

Sincerely,

Kathryn E. Ford
Enclosures

cc: Bruce Schoonover
Vickie Tapley
Craig Martin

ATTACHMENT B

Information Supporting the Appeal

Introduction:

Knology of Kansas, Inc. ("Knology"), formerly Sunflower Broadband, is wholly owned and operated by WideOpenWest Finance, LLC d/b/a WOW! Internet, Cable and Phone, which has been providing telecommunications services to customers in Kansas since 2001 when the Company was named Sunflower. Sunflower became Knology of Kansas, Inc. in 2010 and began operating under the d/b/a WOW! Internet, Cable and Phone following WOW's purchase of Knology in 2012. Knology has been participating in the E-rate program since 2010 and makes every effort to comply with all E-rate rules and regulations. Knology has provided ongoing staff training to staff members responsible for overseeing E-rate program participation, and has also utilized consultants to advise Knology on complicated rules and regulations. Staff members participate in over sixty (60) webinars and training sessions each year. Many of these sessions are provided by USAC.

Knology Did Not Seek to Influence, Nor Did it Influence, the Bidding Process:

Residential services for school board members were in place in the business relationship between the School District and Knology going back to the year 1990, twenty years prior to the 2011-2013 competitive bidding processes. Therefore, there is no basis to conclude that such a long term arrangement was introduced as an inducement tied to a competitive bid or was otherwise intended to influence bid evaluation decisions, particularly since the E-rate program did not yet exist. Importantly, Knology was, in fact, the only bidder in response to Lawrence's posted Forms 470 for the 2011 through 2012 funding years, according to the school district, and was the lowest priced bidder by a large margin for the fiscal year 2012-2013. Therefore the residential services in question did not and could not influence the district's bid evaluation process. Moreover, the services in question were included as part of a very large contract, the pricing for which recovered all costs of providing the various services associated with the contract, including the cost of the residential internet service accounts labeled as "free."

Residential Services for Board Members Predate the E-rate Program:

As mentioned, the residential services for school board members had been a part of the overall service provided to the Lawrence School District since 1990, pre-dating the existence of the E-rate program. KNOLOGY included these services as a part of its standard business pricing practice as further discussed below. The residential internet accounts were provided and intended solely to allow school board members to carry out the necessary functions of their jobs for the school district while at their residences. Over the years, the number of residential accounts and the board members electing to utilize those accounts varied, but the principle and purpose behind those accounts remained constant.

Knology Adhered to its Obligation to Apply Consistent Pricing to Similarly Situated Customers:

Provision of complimentary services are and were a normal pricing and promotion strategy of Knology for commercial customers who meet or met certain volume or term commitments, and the values for the services provided to the Lawrence School District were comparatively equivalent to those given to other commercial customers. The price of the residential internet accounts was recovered through the contractual price for services provisioned to the district.

As a common carrier, it is unlawful for KNOLOGY:

> "to make any unjust or unreasonable discrimination in charges, practices, classifications, regulations, facilities, or services for or in connection with like communication service, directly or indirectly, by any means or device, or to make or give any undue or unreasonable preference or advantage to any particular person, class of persons, or locality, or to subject any particular person, class of persons, or locality to any undue or unreasonable prejudice or disadvantage." [1]

Further, as a participant in the E-rate program, KNOLOGY has committed to complying with Lowest Corresponding Price rules which dictate that E-rate customers receive the lowest price available for similar commercial services. FCC's rules require that:

> "(p)roviders of eligible services shall not submit bids for or charge schools, school districts, libraries, library consortia, or consortia including any of these entities a price above the lowest corresponding price for supported services.... Promotional rates offered by a service provider for a period of more than 90 days must be included among the comparable rates upon which the lowest corresponding price is determined."[2]

Had KNOLOGY not mirrored its volume and term commitment pricing strategies as well as the promotional pricing practices employed for other commercial customers, the company would have certainly violated E-rate Lowest Corresponding Price Rules as well as its own local tariff. The Knology local telecom tariff provides for consideration of Individual Case Basis (ICB) arrangements on a non-discriminatory basis. It states:

2.8 INDIVIDUAL CASE BASIS (ICB) ARRANGEMENTS

2.8.1 General

Arrangements will be developed on a case-by-case basis in response to bonafide requests from a Customer or Applicant to develop a competitive bid for a service offered under this Tariff. Rates quoted in response to such competitive requests may be different than those specified for the services in this Tariff. ICB rates will be offered to the Customer or

---

[1] Communications Act of 1934, Pub, L. No. 73-416 § 202 Discrimination and Preferences.

[2] 47 U.S.C. §54.511(b)

Applicant in writing and on a non-discriminatory basis. ICB rates and/or contracts will be filed with the Commission.

The School District Had Sole Responsibility for any Required Cost Allocation in its Forms 471-472:

Because the Lawrence School District was responsible for submitting the Form 471 and Form 472s, KNOLOGY was not involved in the preparation of the funding or invoice request amounts, and through the submission of these forms, the district was responsible for reducing any funding/invoicing requests by the amount of any complimentary services. USAC's Free Services Advisory informs E-rate program applicants that the value of all price reductions, promotional offers, and "free" products or services must be deducted from the pre-discount cost of services indicated in funding requests.[3] The Advisory further exemplifies in Example 3 below, a prohibited pricing practice, specifying in the final point that a donation of products or services do not violate program rules unless they are provided as a sales inducement or the value of the free service is not subtracted from the pre-discount cost in the funding request:

> Example 3: A service provider commits to providing additional free or discounted products or services as a sales inducement.
>
> - Assume that a service provider's successful bid includes an offer to provide five "free" cell phones, worth $700. Program rules are violated if the funding request does not reduce the pre-discount cost by the fair market value of the five computers, or alternatively cost-allocate the eligible and ineligible components.
> - Applicants must select the most cost-effective solution and may not consider the benefits of ineligible components in the bid evaluation unless: 1) those ineligible components are allocated out of the funding request; 2) the full package is a reasonable business bundling; and 3) the prices of the eligible components are reasonable.
> - Some service providers will donate products and services to applicants. Program rules do not prohibit that practice as long as the donation is not provided as a sales inducement or, if the donation is in fact tied to a bid for services, the value of the donated products is subtracted from the pre-discount cost included in the funding request.[4]

As stated above, KNOLOGY did not provide the residential services as a sales inducement or a method of influencing bid evaluation decisions. Knology had been providing those services to Board Members for over twenty years. USAC's Example 3 makes it clear, therefore, that KNOLOGY's practice did not violate any program rules, and it was the Applicant's responsibility to reduce the pre-discount cost in its Form 471 funding request.

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[3] Free Services Advisory by USAC (http://www.usac.org/sl/applicants/step01/free-services-advisory.aspx). "Basic Principles" first bullet point. (last accessed September 27, 2016)

[4] *Id.* "Prohibited Practice Examples" Example 3.

Knology was not the Recipient of any E-rate Funding:

KNOLOGY was not the applicant for or beneficiary of any E-rate program funding distributed under the affected FRNs. All E-rate funds disbursed through the FRNs addressed herein were promptly and appropriately passed through to the school district. Therefore, if there is a finding that some portion of the funding must be returned, that obligation should fall to the School District and KNOLOGY should not be made to give back funds that they did not retain or benefit from.

Conclusion:

Based on the foregoing, KNOLOGY respectfully requests that USAC cease its impending recovery actions. KNOLOGY has complied with its obligations under the E-rate program, did not intend to nor did it improperly influence the School District's decisions, and in the end, was not a beneficiary of any of the E-rate funds.

KNOLOGY is open to providing any additional documentation needed by USAC in association with any of the aforementioned FRNs, and appreciates USAC's consideration of the facts provided herein.

EXHIBIT D

Notification of Commitment Adjustment Letters to Knology of Kansas, Inc. for FRNs 2212982, 2175780, 2175790, 2338975, 2339017, 2338984, 2516598, 2516093, 2516096, 2516104

F12011 Rec'd
8/19/16

Vickie Tapley
Knology of Kansas Inc.
1241 O G Skinner Drive
West Point, GA 31833

4 pages
not including
this page

FY2011
4 Page

USAC
Universal Service Administrative Company

Schools & Libraries Program

Notification of Commitment Adjustment Letter

Funding Year 2011: July 1, 2011 - June 30, 2012

August 15, 2016

Vickie Tapley
Knology of Kansas Inc.
1241 O G Skinner Drive
West Point, GA 31833

Re:	**SPIN:**	**143008523**
	Service Provider Name:	**Knology of Kansas Inc.**
	Form 471 Application Number:	**814366**
	Funding Year:	**2011**
	FCC Registration Number:	
	Applicant Name	**LAWRENCE UNIFIED SCHOOL DISTRICT #497**
	Billed Entity Number:	**137570**
	Applicant Contact Person:	**EDDIE HOLT**

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

In order to be sure that no funds are used in violation of SLP 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 https://www.fcc.gov/encyclopedia/red-light-frequently-asked-questions.

TO APPEAL THIS DECISION:

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. 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) (FRNs) 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.

We strongly recommend that you use one of the electronic filing options. To submit your appeal to USAC by email, email your appeal to appeals@sl.universalservice.org or submit your appeal electronically by using the "Submit a Question" feature on the USAC website. 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 Program - Correspondence Unit
30 Lanidex Plaza West
PO Box 685
Parsippany, NJ 07054-0685

For more information on submitting an appeal to USAC, see "Appeals" in the "Schools and Libraries" section of the USAC website.

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 Letters" posted at http://www.usac.org/sl/tools/samples.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 SLP 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 Program
Universal Services Administrative Company

cc: EDDIE HOLT
LAWRENCE UNIFIED SCHOOL DISTRICT #497

Funding Commitment Adjustment Report
Form 471 Application Number: 814366

Funding Request Number:	2212982
Contract Number:	C
Services Ordered:	TELCOMM SERVICES
Billing Account Number:	2241941
Original Funding Commitment:	$11,578.31
Commitment Adjustment Amount:	$11,578.31
Adjusted Funding Commitment:	$0.00
Funds Disbursed to Date:	$11,059.79
Funds to be Recovered from Service Provider:	$11,059.79

Funding Commitment Adjustment Explanation:

After multiple requests for documentation and application review, it has been determined that this funding commitment must be rescinded in full. The documents provided by the applicant indicate that there was not a fair and open competitive bidding process. The documentation provided by the applicant indicates that the applicant was offered and accepted gifts in the form of free residential internet service from the service provider which resulted in a competitive bidding process that was not fair and open. FCC rules prohibit applicants from soliciting or accepting any gift or items of value from a service provider participating in or seeking to participate in the E-rate program. Therefore, the commitment has been rescinded in full and USAC will seek recovery of any improperly disbursed funds from both the applicant and the service provider.

FY2011 Rec'd
8/19/16

Vickie Tapley
Knology of Kansas Inc.
1241 O G Skinner Drive
West Point, GA 31833

5 pages
not counting
this page

USAC
Universal Service Administrative Company

Schools & Libraries Program

Notification of Commitment Adjustment Letter

Funding Year 2011: July 1, 2011 - June 30, 2012

August 15, 2016

Vickie Tapley
Knology of Kansas Inc.
1241 O G Skinner Drive
West Point, GA 31833

Re: SPIN:	**143008523**
Service Provider Name:	**Knology of Kansas Inc.**
Form 471 Application Number:	**775595**
Funding Year:	**2011**
FCC Registration Number:	
Applicant Name	**LAWRENCE UNIFIED SCHOOL DISTRICT #497**
Billed Entity Number:	**137570**
Applicant Contact Person:	**Eddie Holt**

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

In order to be sure that no funds are used in violation of SLP 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).

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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) (FRNs) 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.

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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 SLP 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 Program
Universal Services Administrative Company

cc: Eddie Holt
LAWRENCE UNIFIED SCHOOL DISTRICT #497

Funding Commitment Adjustment Report
Form 471 Application Number: 775595

Funding Request Number:	2175780
Contract Number:	C
Services Ordered:	INTERNET ACCESS
Billing Account Number:	1319995
Original Funding Commitment:	$128,760.00
Commitment Adjustment Amount:	$128,760.00
Adjusted Funding Commitment:	$0.00
Funds Disbursed to Date:	$127,375.48
Funds to be Recovered from Service Provider:	$127,375.48

Funding Commitment Adjustment Explanation:

After multiple requests for documentation and application review, it has been determined that this funding commitment must be rescinded in full. The documents provided by the applicant indicate that there was not a fair and open competitive bidding process. The documentation provided by the applicant indicates that the applicant was offered and accepted gifts in the form of free residential internet service from the service provider which resulted in a competitive bidding process that was not fair and open. FCC rules prohibit applicants from soliciting or accepting any gift or items of value from a service provider participating in or seeking to participate in the E-rate program. Therefore, the commitment has been rescinded in full and USAC will seek recovery of any improperly disbursed funds from both the applicant and the service provider.

Funding Request Number:	2175790
Contract Number:	C
Services Ordered:	TELCOMM SERVICES
Billing Account Number:	2241941
Original Funding Commitment:	$17,363.81
Commitment Adjustment Amount:	$17,363.81
Adjusted Funding Commitment:	$0.00
Funds Disbursed to Date:	$16,965.68
Funds to be Recovered from Service Provider:	$16,965.68

Funding Commitment Adjustment Explanation:

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FY2011 Rec'd 8/19
4 Pages
copy to Eddie Holt
by Letter

USAC
Universal Service Administrative Company

Schools and Libraries Program

Notification of Commitment Adjustment Letter

Funding Year 2011: July 1, 2011 - June 30, 2012

August 15, 2016

EDDIE HOLT
LAWRENCE UNIFIED SCHOOL DISTRICT #497
PO BOX 1426
LAWRENCE, KS 66044

Re: Form 471 Application Number:	814366
Funding Year:	2011
Applicant's Form Identifier:	USD497-11ANALOG
Billed Entity Number:	137570
FCC Registration Number:	0011759149
SPIN:	143008523
Service Provider Name:	Knology of Kansas Inc.
Service Provider Contact Person:	Vickie Tapley

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- Form 471 Application Number,
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Letter of Appeal
Schools and Libraries Program - Correspondence Unit
30 Lanidex Plaza West
PO Box 685
Parsippany, NJ 07054-0685

For more information on submitting an appeal to USAC, see "Appeals" in the "Schools and Libraries" section of the USAC website.

FUNDING COMMITMENT ADJUSTMENT REPORT

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 Letters" posted at http://www.usac.org/sl/tools/samples.aspx for more information on each of the fields in the Report. USAC is also sending this information to your service provider(s) for informational purposes. If USAC has determined the service provider is also responsible for any rule violation on the FRN(s), a separate letter will be sent to the service provider detailing the necessary service provider 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 your service provider(s) submits to USAC are consistent with SLP rules as indicated in the Funding Commitment Adjustment Explanation. If the Funds Disbursed to Date amount exceeds your 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 applicant is responsible for repaying.

Schools and Libraries Program
Universal Services Administrative Company

cc: Vickie Tapley
Knology of Kansas Inc.

Funding Commitment Adjustment Report for
Form 471 Application Number: 814366

Funding Request Number:	2212982
Services Ordered:	TELCOMM SERVICES
SPIN:	143008523
Service Provider Name:	Knology of Kansas Inc.
Contract Number:	C
Billing Account Number:	2241941
Site Identifier:	137570
Original Funding Commitment:	$11,578.31
Commitment Adjustment Amount:	$11,578.31
Adjusted Funding Commitment:	$0.00
Funds Disbursed to Date	$11,059.79
Funds to be Recovered from Applicant:	$11,059.79 -

Funding Commitment Adjustment Explanation:

After multiple requests for documentation and application review, it has been determined that this funding commitment must be rescinded in full. The documents provided by the applicant indicate that there was not a fair and open competitive bidding process. The documentation provided by the applicant indicates that the applicant was offered and accepted gifts in the form of free residential internet service from the service provider which resulted in a competitive bidding process that was not fair and open. FCC rules prohibit applicants from soliciting or accepting any gift or items of value from a service provider participating in or seeking to participate in the E-rate program. Therefore, the commitment has been rescinded in full and USAC will seek recovery of any improperly disbursed funds from both the applicant and the service provider.

FY2011 Rec'd 8/19
5 pages
Copy sent to - Eddie Holt
Letter

USAC
Universal Service Administrative Company

Schools and Libraries Program

Notification of Commitment Adjustment Letter

Funding Year 2011: July 1, 2011 - June 30, 2012

August 15, 2016

Eddie Holt
LAWRENCE UNIFIED SCHOOL DISTRICT #497
PO Box 1426
Lawrence, KS 66044

Re: Form 471 Application Number:	**775595**
Funding Year:	**2011**
Applicant's Form Identifier:	**USD497-11a**
Billed Entity Number:	**137570**
FCC Registration Number:	**0011759149**
SPIN:	**143008523**
Service Provider Name:	**Knology of Kansas Inc.**
Service Provider Contact Person:	**Vickie Tapley**

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

In order to be sure that no funds are used in violation of SLP rules, the Universal Service Administrative Company (USAC) must now adjust your overall funding commitment. The purpose of this letter is to make the required adjustments to your funding commitment, and to give you an opportunity to appeal this decision. USAC has determined the applicant is responsible for all or some of the violations. Therefore, the applicant 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 https://www.fcc.gov/encyclopedia/red-light-frequently-asked-questions.

TO APPEAL THIS DECISION:

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. 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) (FRNs) you are appealing. Your letter of appeal must include the
- Billed Entity Name,
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- 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.

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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 Program - Correspondence Unit
30 Lanidex Plaza West
PO Box 685
Parsippany, NJ 07054-0685

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FUNDING COMMITMENT ADJUSTMENT REPORT

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Schools and Libraries Program
Universal Services Administrative Company

cc: Vickie Tapley
Knology of Kansas Inc.

Funding Commitment Adjustment Report for
Form 471 Application Number: 775595

Funding Request Number:	2175780
Services Ordered:	INTERNET ACCESS
SPIN:	143008523
Service Provider Name:	Knology of Kansas Inc.
Contract Number:	C
Billing Account Number:	1319995
Site Identifier:	137570
Original Funding Commitment:	$128,760.00
Commitment Adjustment Amount:	$128,760.00
Adjusted Funding Commitment:	$0.00
Funds Disbursed to Date	$127,375.48
Funds to be Recovered from Applicant:	$127,375.48

Funding Commitment Adjustment Explanation:

After multiple requests for documentation and application review, it has been determined that this funding commitment must be rescinded in full. The documents provided by the applicant indicate that there was not a fair and open competitive bidding process. The documentation provided by the applicant indicates that the applicant was offered and accepted gifts in the form of free residential internet service from the service provider which resulted in a competitive bidding process that was not fair and open. FCC rules prohibit applicants from soliciting or accepting any gift or items of value from a service provider participating in or seeking to participate in the E-rate program. Therefore, the commitment has been rescinded in full and USAC will seek recovery of any improperly disbursed funds from both the applicant and the service provider.

Funding Request Number:	2175790
Services Ordered:	TELCOMM SERVICES
SPIN:	143008523
Service Provider Name:	Knology of Kansas Inc.
Contract Number:	C
Billing Account Number:	2241941
Site Identifier:	137570
Original Funding Commitment:	$17,363.81
Commitment Adjustment Amount:	$17,363.81
Adjusted Funding Commitment:	$0.00
Funds Disbursed to Date	$16,965.68
Funds to be Recovered from Applicant:	$16,965.68

Funding Commitment Adjustment Explanation:

After multiple requests for documentation and application review, it has been determined that this funding commitment must be rescinded in full. The documents provided by the applicant indicate that there was not a fair and open competitive bidding process. The documentation provided by the applicant indicates that the applicant was offered and accepted gifts in the form of free residential internet service from the service provider which resulted in a competitive bidding process that was not fair and open. FCC rules prohibit applicants from soliciting or accepting any gift or items of value from a service provider participating in or seeking to participate in the E-rate program. Therefore, the commitment has been rescinded in full and USAC will seek recovery of any improperly disbursed funds from both the applicant and the service provider.

FYL2012, [illegible] 6/22/16

Vickie Tapley
Knology of Kansas Inc.
1241 O G Skinner Drive
West Point, GA 31833

6 pages
[illegible]
page

USAC
Universal Service Administrative Company

Schools & Libraries Program

Notification of Commitment Adjustment Letter

Funding Year 2012: July 1, 2012 - June 30, 2013

August 15, 2016

Vickie Tapley
Knology of Kansas Inc.
1241 O G Skinner Drive
West Point, GA 31833

Re: SPIN:	**143008523**
Service Provider Name:	**Knology of Kansas Inc.**
Form 471 Application Number:	**828451**
Funding Year:	**2012**
FCC Registration Number:	
Applicant Name	**LAWRENCE UNIFIED SCHOOL DISTRICT #497**
Billed Entity Number:	**137570**
Applicant Contact Person:	**Eddie Holt**

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

In order to be sure that no funds are used in violation of SLP 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).

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- Form 471 Application Number,
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Letter of Appeal
Schools and Libraries Program - Correspondence Unit
30 Lanidex Plaza West
PO Box 685
Parsippany, NJ 07054-0685

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Schools and Libraries Program
Universal Services Administrative Company

cc: Eddie Holt
LAWRENCE UNIFIED SCHOOL DISTRICT #497

Funding Commitment Adjustment Report
Form 471 Application Number: 828451

Funding Request Number:	2339017
Contract Number:	C
Services Ordered:	TELCOMM SERVICES
Billing Account Number:	2241941
Original Funding Commitment:	$12,016.95
Commitment Adjustment Amount:	$12,016.95
Adjusted Funding Commitment:	$0.00
Funds Disbursed to Date:	$11,255.41
Funds to be Recovered from Service Provider:	$11,255.41

Funding Commitment Adjustment Explanation:

After multiple requests for documentation and application review, it has been determined that this funding commitment must be rescinded in full. The documents provided by the applicant indicate that there was not a fair and open competitive bidding process. The documentation provided by the applicant indicates that the applicant was offered and accepted gifts in the form of free residential internet service from the service provider which resulted in a competitive bidding process that was not fair and open. FCC rules prohibit applicants from soliciting or accepting any gift or items of value from a service provider participating in or seeking to participate in the E-rate program. Therefore, the commitment has been rescinded in full and USAC will seek recovery of any improperly disbursed funds from both the applicant and the service provider.

Funding Request Number:	2338975
Contract Number:	C
Services Ordered:	INTERNET ACCESS
Billing Account Number:	1319995
Original Funding Commitment:	$135,420.00
Commitment Adjustment Amount:	$135,420.00
Adjusted Funding Commitment:	$0.00
Funds Disbursed to Date:	$135,420.00
Funds to be Recovered from Service Provider:	$135,420.00

Funding Commitment Adjustment Explanation:

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Funding Request Number:	2338984
Contract Number:	C
Services Ordered:	TELCOMM SERVICES
Billing Account Number:	2241941, 1319995
Original Funding Commitment:	$18,808.96
Commitment Adjustment Amount:	$18,808.96
Adjusted Funding Commitment:	$0.00
Funds Disbursed to Date:	$17,707.49
Funds to be Recovered from Service Provider:	$17,707.49

Funding Commitment Adjustment Explanation:

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FY 2012
6 pages
Copy of Letter to Eddie Holt Rec'D 8/22/16

USAC
Universal Service Administrative Company

Schools and Libraries Program

Notification of Commitment Adjustment Letter

Funding Year 2012: July 1, 2012 - June 30, 2013

August 15, 2016

Eddie Holt
LAWRENCE UNIFIED SCHOOL DISTRICT #497
PO Box 1426
Lawrence, KS 66044

Re: Form 471 Application Number:	**828451**
Funding Year:	**2012**
Applicant's Form Identifier:	**497-12**
Billed Entity Number:	**137570**
FCC Registration Number:	**0011759149**
SPIN:	**143008523**
Service Provider Name:	**Knology of Kansas Inc.**
Service Provider Contact Person:	**Vickie Tapley**

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Schools and Libraries Program
Universal Services Administrative Company

cc: Vickie Tapley
Knology of Kansas Inc.

Funding Commitment Adjustment Report for
Form 471 Application Number: 828451

Funding Request Number:	2338975
Services Ordered:	INTERNET ACCESS
SPIN:	143008523
Service Provider Name:	Knology of Kansas Inc.
Contract Number:	C
Billing Account Number:	1319995
Site Identifier:	137570
Original Funding Commitment:	$135,420.00
Commitment Adjustment Amount:	$135,420.00
Adjusted Funding Commitment:	$0.00
Funds Disbursed to Date	$135,420.00
Funds to be Recovered from Applicant:	$135,420.00

Funding Commitment Adjustment Explanation:

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Funding Request Number:	2339017
Services Ordered:	TELCOMM SERVICES
SPIN:	143008523
Service Provider Name:	Knology of Kansas Inc.
Contract Number:	C
Billing Account Number:	2241941
Site Identifier:	137570
Original Funding Commitment:	$12,016.95
Commitment Adjustment Amount:	$12,016.95
Adjusted Funding Commitment:	$0.00
Funds Disbursed to Date	$11,255.41
Funds to be Recovered from Applicant:	$11,255.41

Funding Commitment Adjustment Explanation:

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Funding Request Number:	2338984
Services Ordered:	TELCOMM SERVICES
SPIN:	143008523
Service Provider Name:	Knology of Kansas Inc.
Contract Number:	C
Billing Account Number:	2241941, 1319995
Site Identifier:	137570
Original Funding Commitment:	$18,808.96
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Funds to be Recovered from Applicant:	$17,707.49

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2013 Rec'd
8/22/16

Vickie Tapley
Knology of Kansas Inc.
1241 O G Skinner Drive
West Point, GA 31833

4 pages
Not including
this page

USAC
Universal Service Administrative Company

Schools & Libraries Program

Notification of Commitment Adjustment Letter

Funding Year 2013: July 1, 2013 - June 30, 2014

August 15, 2016

Vickie Tapley
Knology of Kansas Inc.
1241 O G Skinner Drive
West Point, GA 31833

Re: SPIN:	**143008523**
Service Provider Name:	**Knology of Kansas Inc.**
Form 471 Application Number:	**922269**
Funding Year:	**2013**
FCC Registration Number:	
Applicant Name	**LAWRENCE UNIFIED SCHOOL DISTRICT #497**
Billed Entity Number:	**137570**
Applicant Contact Person:	**EDDIE HOLT**

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- FCC Registration Number (FCC RN) from the top of your letter.

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Letter of Appeal
Schools and Libraries Program - Correspondence Unit
30 Lanidex Plaza West
PO Box 685
Parsippany, NJ 07054-0685

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Schools and Libraries Program
Universal Services Administrative Company

cc: EDDIE HOLT
LAWRENCE UNIFIED SCHOOL DISTRICT #497

Funding Commitment Adjustment Report
Form 471 Application Number: 922269

Funding Request Number:	2516598
Contract Number:	C
Services Ordered:	INTERNET ACCESS
Billing Account Number:	NA
Original Funding Commitment:	$18,144.00
Commitment Adjustment Amount:	$18,144.00
Adjusted Funding Commitment:	$0.00
Funds Disbursed to Date:	$18,144.00
Funds to be Recovered from Service Provider:	$18,144.00

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FY2013 Rec'd
8/22/14

Vickie Tapley
Knology of Kansas Inc.
1241 O G Skinner Drive
West Point, GA 31833

6 pages
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USAC
Universal Service Administrative Company

Schools & Libraries Program

Notification of Commitment Adjustment Letter

Funding Year 2013: July 1, 2013 - June 30, 2014

August 15, 2016

Vickie Tapley
Knology of Kansas Inc.
1241 O G Skinner Drive
West Point, GA 31833

Re: SPIN:	**143008523**
Service Provider Name:	**Knology of Kansas Inc.**
Form 471 Application Number:	**909793**
Funding Year:	**2013**
FCC Registration Number:	
Applicant Name	**LAWRENCE UNIFIED SCHOOL DISTRICT #497**
Billed Entity Number:	**137570**
Applicant Contact Person:	**EDDIE HOLT**

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Schools and Libraries Program
Universal Services Administrative Company

cc: EDDIE HOLT
LAWRENCE UNIFIED SCHOOL DISTRICT #497

Funding Commitment Adjustment Report
Form 471 Application Number: 909793

Funding Request Number:	2516104
Contract Number:	C
Services Ordered:	TELCOMM SERVICES
Billing Account Number:	
Original Funding Commitment:	$11,890.82
Commitment Adjustment Amount:	$11,890.82
Adjusted Funding Commitment:	$0.00
Funds Disbursed to Date:	$11,489.04
Funds to be Recovered from Service Provider:	$11,489.04

Funding Commitment Adjustment Explanation:

After multiple requests for documentation and application review, it has been determined that this funding commitment must be rescinded in full. The documents provided by the applicant indicate that there was not a fair and open competitive bidding process. The documentation provided by the applicant indicates that the applicant was offered and accepted gifts in the form of free residential internet service from the service provider which resulted in a competitive bidding process that was not fair and open. FCC rules prohibit applicants from soliciting or accepting any gift or items of value from a service provider participating in or seeking to participate in the E-rate program. Therefore, the commitment has been rescinded in full and USAC will seek recovery of any improperly disbursed funds from both the applicant and the service provider.

Funding Request Number:	2516093
Contract Number:	C
Services Ordered:	INTERNET ACCESS
Billing Account Number:	1941057
Original Funding Commitment:	$139,860.00
Commitment Adjustment Amount:	$139,860.00
Adjusted Funding Commitment:	$0.00
Funds Disbursed to Date:	$139,860.00
Funds to be Recovered from Service Provider:	$139,860.00

Funding Commitment Adjustment Explanation:

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Funding Request Number:	2516096
Contract Number:	C
Services Ordered:	TELCOMM SERVICES
Billing Account Number:	1941057, 1966446
Original Funding Commitment:	$18,357.12
Commitment Adjustment Amount:	$18,357.12
Adjusted Funding Commitment:	$0.00
Funds Disbursed to Date:	$18,282.21
Funds to be Recovered from Service Provider:	$18,282.21

Funding Commitment Adjustment Explanation:

After multiple requests for documentation and application review, it has been determined that this funding commitment must be rescinded in full. The documents provided by the applicant indicate that there was not a fair and open competitive bidding process. The documentation provided by the applicant indicates that the applicant was offered and accepted gifts in the form of free residential internet service from the service provider which resulted in a competitive bidding process that was not fair and open. FCC rules prohibit applicants from soliciting or accepting any gift or items of value from a service provider participating in or seeking to participate in the E-rate program. Therefore, the commitment has been rescinded in full and USAC will seek recovery of any improperly disbursed funds from both the applicant and the service provider.

FY 2013 Rec'd 8/22/16
6 pages
Copies of letter sent to Eddie Holt

USAC
Universal Service Administrative Company

Schools and Libraries Program

Notification of Commitment Adjustment Letter

Funding Year 2013: July 1, 2013 - June 30, 2014

August 15, 2016

EDDIE HOLT
LAWRENCE UNIFIED SCHOOL DISTRICT #497
PO BOX 1426
LAWRENCE, KS 66044

Re: Form 471 Application Number:	**909793**
Funding Year:	**2013**
Applicant's Form Identifier:	**USD497-13**
Billed Entity Number:	**137570**
FCC Registration Number:	**0011759149**
SPIN:	**143008523**
Service Provider Name:	**Knology of Kansas Inc.**
Service Provider Contact Person:	**Vickie Tapley**

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- Billed Entity Name,
- Form 471 Application Number,
- Billed Entity Number, and
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Schools and Libraries Program
Universal Services Administrative Company

cc: Vickie Tapley
Knology of Kansas Inc.

Funding Commitment Adjustment Report for
Form 471 Application Number: 909793

Funding Request Number:	2516093
Services Ordered:	INTERNET ACCESS
SPIN:	143008523
Service Provider Name:	Knology of Kansas Inc.
Contract Number:	C
Billing Account Number:	1941057
Site Identifier:	137570
Original Funding Commitment:	$139,860.00
Commitment Adjustment Amount:	$139,860.00
Adjusted Funding Commitment:	$0.00
Funds Disbursed to Date	$139,860.00
Funds to be Recovered from Applicant:	$139,860.00

Funding Commitment Adjustment Explanation:

After multiple requests for documentation and application review, it has been determined that this funding commitment must be rescinded in full. The documents provided by the applicant indicate that there was not a fair and open competitive bidding process. The documentation provided by the applicant indicates that the applicant was offered and accepted gifts in the form of free residential internet service from the service provider which resulted in a competitive bidding process that was not fair and open. FCC rules prohibit applicants from soliciting or accepting any gift or items of value from a service provider participating in or seeking to participate in the E-rate program. Therefore, the commitment has been rescinded in full and USAC will seek recovery of any improperly disbursed funds from both the applicant and the service provider.

Funding Request Number:	2516096
Services Ordered:	TELCOMM SERVICES
SPIN:	143008523
Service Provider Name:	Knology of Kansas Inc.
Contract Number:	C
Billing Account Number:	1941057, 1966446
Site Identifier:	137570
Original Funding Commitment:	$18,357.12
Commitment Adjustment Amount:	$18,357.12
Adjusted Funding Commitment:	$0.00
Funds Disbursed to Date	$18,282.21
Funds to be Recovered from Applicant:	$18,282.21

Funding Commitment Adjustment Explanation:

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Funding Request Number:	2516104
Services Ordered:	TELCOMM SERVICES
SPIN:	143008523
Service Provider Name:	Knology of Kansas Inc.
Contract Number:	C
Billing Account Number:	
Site Identifier:	137570
Original Funding Commitment:	$11,890.82
Commitment Adjustment Amount:	$11,890.82
Adjusted Funding Commitment:	$0.00
Funds Disbursed to Date	$11,489.04
Funds to be Recovered from Applicant:	$11,489.04

Funding Commitment Adjustment Explanation:

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F 1 2013
4 pages
copy emailed to Eddie Holt

Re: 8/30/16

USAC
Universal Service Administrative Company

Schools and Libraries Program

Notification of Commitment Adjustment Letter

Funding Year 2013: July 1, 2013 - June 30, 2014

August 15, 2016

EDDIE HOLT
LAWRENCE UNIFIED SCHOOL DISTRICT #497
PO BOX 1426
LAWRENCE, KS 66044

Re: Form 471 Application Number:	**922269**
Funding Year:	**2013**
Applicant's Form Identifier:	**USD497-200**
Billed Entity Number:	**137570**
FCC Registration Number:	**0011759149**
SPIN:	**143008523**
Service Provider Name:	**Knology of Kansas Inc.**
Service Provider Contact Person:	**Vickie Tapley**

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Schools and Libraries Program
Universal Services Administrative Company

cc: Vickie Tapley
Knology of Kansas Inc.

Funding Commitment Adjustment Report for
Form 471 Application Number: 922269

Funding Request Number:	2516598
Services Ordered:	INTERNET ACCESS
SPIN:	143008523
Service Provider Name:	Knology of Kansas Inc.
Contract Number:	C
Billing Account Number:	NA
Site Identifier:	137570
Original Funding Commitment:	$18,144.00
Commitment Adjustment Amount:	$18,144.00
Adjusted Funding Commitment:	$0.00
Funds Disbursed to Date	$18,144.00
Funds to be Recovered from Applicant:	$18,144.00

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FY2014 Rec'd
2/22/16

Vickie Tapley
Knology of Kansas Inc.
1241 O G Skinner Drive
West Point, GA 31833

4 pages
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USAC
Universal Service Administrative Company

Schools & Libraries Program

Notification of Commitment Adjustment Letter

Funding Year 2014: July 1, 2014 - June 30, 2015

August 15, 2016

Vickie Tapley
Knology of Kansas Inc.
1241 O G Skinner Drive
West Point, GA 31833

Re: SPIN:	**143008523**
Service Provider Name:	**Knology of Kansas Inc.**
Form 471 Application Number:	**981465**
Funding Year:	**2014**
FCC Registration Number:	
Applicant Name	**LAWRENCE UNIFIED SCHOOL DISTRICT #497**
Billed Entity Number:	**137570**
Applicant Contact Person:	**EDDIE HOLT**

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- Billed Entity Number, and
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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.

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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 Program - Correspondence Unit
30 Lanidex Plaza West
PO Box 685
Parsippany, NJ 07054-0685

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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 Letters" posted at http://www.usac.org/sl/tools/samples.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 SLP 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 Program
Universal Services Administrative Company

cc: EDDIE HOLT
LAWRENCE UNIFIED SCHOOL DISTRICT #497

Funding Commitment Adjustment Report
Form 471 Application Number: 981465

Funding Request Number:	2675504
Contract Number:	C
Services Ordered:	INTERNET ACCESS
Billing Account Number:	1941057
Original Funding Commitment:	$139,080.00
Commitment Adjustment Amount:	$139,080.00
Adjusted Funding Commitment:	$0.00
Funds Disbursed to Date:	$0.00
Funds to be Recovered from Service Provider:	$0.00

Funding Commitment Adjustment Explanation:

After multiple requests for documentation and application review, it has been determined that this funding commitment must be rescinded in full. The documents provided by the applicant indicate that there was not a fair and open competitive bidding process. The documentation provided by the applicant indicates that the applicant was offered and accepted gifts in the form of free residential internet service from the service provider which resulted in a competitive bidding process that was not fair and open. FCC rules prohibit applicants from soliciting or accepting any gift or items of value from a service provider participating in or seeking to participate in the E-rate program. Therefore, the commitment has been rescinded in full and USAC will seek recovery of any improperly disbursed funds from both the applicant and the service provider.

F12014 Rec'd
8/22/16

Vickie Tapley
Knology of Kansas Inc.
1241 O G Skinner Drive
West Point, GA 31833

5 pages
[illegible]
[illegible] page

USAC
Universal Service Administrative Company

Schools & Libraries Program

Notification of Commitment Adjustment Letter

Funding Year 2014: July 1, 2014 - June 30, 2015

August 15, 2016

Vickie Tapley
Knology of Kansas Inc.
1241 O G Skinner Drive
West Point, GA 31833

Re: SPIN:	**143008523**
Service Provider Name:	**Knology of Kansas Inc.**
Form 471 Application Number:	**958060**
Funding Year:	**2014**
FCC Registration Number:	
Applicant Name	**LAWRENCE UNIFIED SCHOOL DISTRICT #497**
Billed Entity Number:	**137570**
Applicant Contact Person:	**EDDIE HOLT**

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

In order to be sure that no funds are used in violation of SLP 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 https://www.fcc.gov/encyclopedia/red-light-frequently-asked-questions.

TO APPEAL THIS DECISION:

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. 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) (FRNs) 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.

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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.

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Letter of Appeal
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30 Lanidex Plaza West
PO Box 685
Parsippany, NJ 07054-0685

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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 SLP 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 Program
Universal Services Administrative Company

cc: EDDIE HOLT
LAWRENCE UNIFIED SCHOOL DISTRICT #497

Funding Commitment Adjustment Report
Form 471 Application Number: 958060

Funding Request Number:	2657171
Contract Number:	C
Services Ordered:	TELCOMM SERVICES
Billing Account Number:	1941057, 1966446
Original Funding Commitment:	$17,748.07
Commitment Adjustment Amount:	$17,748.07
Adjusted Funding Commitment:	$0.00
Funds Disbursed to Date:	$0.00
Funds to be Recovered from Service Provider:	$0.00

Funding Commitment Adjustment Explanation:

After multiple requests for documentation and application review, it has been determined that this funding commitment must be rescinded in full. The documents provided by the applicant indicate that there was not a fair and open competitive bidding process. The documentation provided by the applicant indicates that the applicant was offered and accepted gifts in the form of free residential internet service from the service provider which resulted in a competitive bidding process that was not fair and open. FCC rules prohibit applicants from soliciting or accepting any gift or items of value from a service provider participating in or seeking to participate in the E-rate program. Therefore, the commitment has been rescinded in full and USAC will seek recovery of any improperly disbursed funds from both the applicant and the service provider.

Funding Request Number:	2657175
Contract Number:	C
Services Ordered:	TELCOMM SERVICES
Billing Account Number:	
Original Funding Commitment:	$11,202.97
Commitment Adjustment Amount:	$11,202.97
Adjusted Funding Commitment:	$0.00
Funds Disbursed to Date:	$0.00
Funds to be Recovered from Service Provider:	$0.00

Funding Commitment Adjustment Explanation:

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FY2014 Rec'd 8/22/16
4 pages
Copy of Letter to Eddie Holt

USAC
Universal Service Administrative Company

Schools and Libraries Program

Notification of Commitment Adjustment Letter

Funding Year 2014: July 1, 2014 - June 30, 2015

August 15, 2016

EDDIE HOLT
LAWRENCE UNIFIED SCHOOL DISTRICT #497
PO BOX 1426
LAWRENCE, KS 66044

Re: Form 471 Application Number:	**981465**
Funding Year:	**2014**
Applicant's Form Identifier:	**497-FIBER**
Billed Entity Number:	**137570**
FCC Registration Number:	**0011759149**
SPIN:	**143008523**
Service Provider Name:	**Knology of Kansas Inc.**
Service Provider Contact Person:	**Vickie Tapley**

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

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

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- Billed Entity Name,
- Form 471 Application Number,
- Billed Entity Number, and
- FCC Registration Number (FCC RN) from the top of your letter.

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Letter of Appeal
Schools and Libraries Program - Correspondence Unit
30 Lanidex Plaza West
PO Box 685
Parsippany, NJ 07054-0685

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FUNDING COMMITMENT ADJUSTMENT REPORT

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Schools and Libraries Program
Universal Services Administrative Company

cc: Vickie Tapley
Knology of Kansas Inc.

Funding Commitment Adjustment Report for
Form 471 Application Number: 981465

Funding Request Number:	2675504
Services Ordered:	INTERNET ACCESS
SPIN:	143008523
Service Provider Name:	Knology of Kansas Inc.
Contract Number:	C
Billing Account Number:	1941057
Site Identifier:	137570
Original Funding Commitment:	$139,080.00
Commitment Adjustment Amount:	$139,080.00
Adjusted Funding Commitment:	$0.00
Funds Disbursed to Date	$0.00
Funds to be Recovered from Applicant:	$0.00

Funding Commitment Adjustment Explanation:

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FY 2014 Rec'd 8/22/16
5 pages
Copy of letter to Eddie Holt

USAC
Universal Service Administrative Company

Schools and Libraries Program

Notification of Commitment Adjustment Letter

Funding Year 2014: July 1, 2014 - June 30, 2015

August 15, 2016

EDDIE HOLT
LAWRENCE UNIFIED SCHOOL DISTRICT #497
PO BOX 1426
LAWRENCE, KS 66044

Re: Form 471 Application Number:	**958060**
Funding Year:	**2014**
Applicant's Form Identifier:	**497-14MAIN**
Billed Entity Number:	**137570**
FCC Registration Number:	**0011759149**
SPIN:	**143008523**
Service Provider Name:	**Knology of Kansas Inc.**
Service Provider Contact Person:	**Vickie Tapley**

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Schools and Libraries Program - Correspondence Unit
30 Lanidex Plaza West
PO Box 685
Parsippany, NJ 07054-0685

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FUNDING COMMITMENT ADJUSTMENT REPORT

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Schools and Libraries Program
Universal Services Administrative Company

cc: Vickie Tapley
Knology of Kansas Inc.

Funding Commitment Adjustment Report for
Form 471 Application Number: 958060

Funding Request Number:	2657171
Services Ordered:	TELCOMM SERVICES
SPIN:	143008523
Service Provider Name:	Knology of Kansas Inc.
Contract Number:	C
Billing Account Number:	1941057, 1966446
Site Identifier:	137570
Original Funding Commitment:	$17,748.07
Commitment Adjustment Amount:	$17,748.07
Adjusted Funding Commitment:	$0.00
Funds Disbursed to Date	$0.00
Funds to be Recovered from Applicant:	$0.00

Funding Commitment Adjustment Explanation:

After multiple requests for documentation and application review, it has been determined that this funding commitment must be rescinded in full. The documents provided by the applicant indicate that there was not a fair and open competitive bidding process. The documentation provided by the applicant indicates that the applicant was offered and accepted gifts in the form of free residential internet service from the service provider which resulted in a competitive bidding process that was not fair and open. FCC rules prohibit applicants from soliciting or accepting any gift or items of value from a service provider participating in or seeking to participate in the E-rate program. Therefore, the commitment has been rescinded in full and USAC will seek recovery of any improperly disbursed funds from both the applicant and the service provider.

Funding Request Number:	2657175
Services Ordered:	TELCOMM SERVICES
SPIN:	143008523
Service Provider Name:	Knology of Kansas Inc.
Contract Number:	C
Billing Account Number:	
Site Identifier:	137570
Original Funding Commitment:	$11,202.97
Commitment Adjustment Amount:	$11,202.97
Adjusted Funding Commitment:	$0.00
Funds Disbursed to Date	$0.00
Funds to be Recovered from Applicant:	$0.00

Funding Commitment Adjustment Explanation:

After multiple requests for documentation and application review, it has been determined that this funding commitment must be rescinded in full. The documents provided by the applicant indicate that there was not a fair and open competitive bidding process. The documentation provided by the applicant indicates that the applicant was offered and accepted gifts in the form of free residential internet service from the service provider which resulted in a competitive bidding process that was not fair and open. FCC rules prohibit applicants from soliciting or accepting any gift or items of value from a service provider participating in or seeking to participate in the E-rate program. Therefore, the commitment has been rescinded in full and USAC will seek recovery of any improperly disbursed funds from both the applicant and the service provider.

EXHIBIT E

Declaration of Debra Schmidt

DECLARATION OF DEBRA SCHMIDT

I, Debra Schmidt, hereby declare that:

1. I am providing this Affidavit in support of the Request for Review and/or Waiver by Knology of Kansas, Inc. ("Knology"). I have personal knowledge of the facts stated herein, or have reviewed Knology's system files regarding such facts, and could testify to the same.

2. I am currently the System Manager of Knology's Lawrence, Kansas cable system. I have be at this position since July 28, 2012.

3. I have personally reviewed Knology's historical file records pertaining to services provided to Lawrence Unified School District #497 ("District").

4. The Lawrence cable system has been providing commercial level telecommunications and other communications services for over two and a half decades, going back to approximately 1990.

5. Knology first submitted a bid to provide E-Rate supported services to the District in Funding Year 2011. Knology's bid was selected, and Knology and the District entered a five-year Business Services Agreement, dated March 15, 2011 ("Agreement"), regarding the provision of E-rate supported services from Knology to the District.

6. Knology also submitted bids to provide additional E-rate supported services requested by the District in Funding Year 2013 and Funding Year 2014. Knology was selected by the District and awarded a contract for Funding Year 2013. It was not selected by the District for Funding Year 2014.

7. Throughout my tenure with the company, Knology made every effort to comply with all E-rate program rules and regulations.

8. During my time at the company, Knology routinely provided ongoing staff training to staff members responsible for overseeing E-rate program participation, and it also utilized consultants to advise Knology on complicated rules and regulations.

9. Knology continuously provided telecommunications and other communications services to the District—including complimentary residential services to school board members—from 1990 until May 2015.

10. Throughout Funding Year 2011 through Funding Year 2015, the provision of complimentary services was a normal pricing and promotion strategy of Knology for commercial customers who meet certain volume or term commitments, and the values for the services provided to the District were equivalent to those given to many of Knology's commercial customers.

11. The volume of services that the District purchased from Knology year after year qualified the District for a limited number of complimentary residential Internet accounts such services were it a commercial customer.

12. The complimentary accounts were intended to help school officials and employees perform their official functions. They were not intended to circumvent the E-rate program rules or influence the competitive bidding process.

13. The Agreement included the free accounts because the District requested that the accounts be included during contract negotiations with Knology.

14. Knology continued to provide the complimentary accounts until May 2015, when the Business Services Agreement was amended in various respects.

I declare under penalty of perjury and pursuant to 47 C.F.R. § 1.16 that the foregoing is true and correct to the best of my knowledge, information, and belief.

Executed on: December 16, 2016

Debra Schmidt

Debra Schmidt

EXHIBIT F

Memorandum from Jerri Kemble, Assistant Superintendent, Educational Programs & Technology, Lawrence Public Schools to Michael Deusinger, Manager, Special Compliance

Lawrence Public Schools USD 497
110 McDonald Drive
Lawrence, Kansas 66044-1063
Telephone: (785) 832-5000
Fax: (785) 832-5016
www.usd497.org

LAWRENCE
PUBLIC SCHOOLS

February 25, 2016

To: Michael Deusinger, USAC
From: Jerri Kemble, Assistant Superintendent, Educational Programs and Technology
RE: LAWRENCE UNIFIED SCHOOL DISTRICT #497
Funding Years 2013-2015 FCC Form 471 Applications

LAWRENCE UNIFIED SCHOOL DISTRICT #497 has received and understands the February 3, 2016 letter from USAC. Thank you for the extension in regards to our response time. The district does not believe there is a substantial violation of the E-rate bidding provisions and seeks a reversal of the USAC decision to revoke all E-rate funding received in the referenced FCC Form 471 applications.

I have included the following previously submitted documents (Exhibit 1)-

- Copy of the October 8, 2015 memo to Jessica Olson outlining the district's position on the issues for years 2011 and 2012.
- Copy of email correspondence (May 2015) to Ms. Olson regarding gifts received by district employees/administrators and/or board members along with the modified addendum with Knology (a.k.a. WOW, Inc.) ultimately ceasing these free internet services.
- 2011 Bid Evaluation and Form 471 Submission Certification for 2011
- Order of the Federal Communications Commission DA 11-1854 (Nov. 2011)

In support of the district's most recent request, please consider the following:

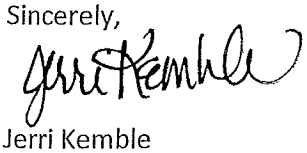
1. LAWRENCE UNIFIED SCHOOL DISTRICT #497 did not willingly violate any E-rate rules. The district appreciates the opportunities that the E-rate program provides and strives to meet all requirements. To that end, the district utilized in all relevant timeframes E-rate consultants to prepare and submit the referenced applications.
2. During the years of 2012 thru 2015, the personnel who were in charge of preparing and submitting E-rate applications made every attempt to comply with all E-rate rules and requirements.
3. In February 2013, the district desired to add an additional 200 Mb line beyond what was provided in the existing contract with WOW, Inc. The district received two competitive bids, one from WOW and one from KanRen for this additional service. WOW, Inc. was the low bid and thus was awarded the contract. (See Exhibit 2.)
4. The district filed its Forms 470/471 throughout 2013-15 as required. (See Exhibits 3-5)
5. The former Director of Technology, Melinda Stanley, was hired in 2014. Based on her knowledge as the former E-rate coordinator at the state level, she understood the requirements related to E-rate bidding and brought to the Superintendent's attention the potential violation with the Knology contract. The Knology contract included "Up to 15 Free Gold Residential

Internet accounts." The Superintendent instructed Ms. Stanley to immediately eliminate any "free" services that might violate the E-rate rules or requirements.

6. Ms. Stanley started but did not complete the modification of the Knology contract removing these free items. Once senior management learned she did not follow through with the superintendent's directive, the successor company to Knology was contacted and an amendment to the contract was executed.
7. In May 2015 Jerri Kemble, Assistant Superintendent of Educational Programs & Technology, researched and identified the people who were receiving "free" Internet service and had those accounts closed immediately. This action occurred prior to the contract amendment.
8. On May 26, 2015 the district sent correspondence to Ms. Olson at USAC via email. This correspondence outlined the district's actions related to the discovery of these potential violations.
9. Subsequent to the May 26, 2015 correspondence, the district contacted the former E-rate consultant and learned Knology was the only company submitting a bid for these services. Single bids were the norm until FY 2013 when KanRen, AT&T and Burling Point began submitting bids.
10. At no time did the district's E-rate consultant notify any personnel working on these E-rate applications that "free internet services" would jeopardize the receipt of these funds.
11. Since only one company actually submitted a bid for these services (other than the 200 Mb line), the district submits there was absolutely no intent to influence the decision on the part of the vendor nor did the district rely on the fact such "free services" were being offered as part of the contract in making any decision as to the company to whom the bid should be let. There was no violation of the E-rate fair and competitive bidding rules.
12. In support of its position there is no violation of the E-rate fair and competitive bidding rules, the district would bring to your attention <u>again</u> to the November 4, 2011 Order of the Federal Communications Commission DA 11-1854 concluding no violation of the E-rate fair and competitive bidding rules even though the vendors in question provided gifts to the applicants. In those cases, only one vendor submitted a bid to provide services and the Commission determine those gifts did not influence the applicants' decision making and thus concluded there was not violation. USAC was ordered to reverse its decision. USD #497 requests USAC reverse its decision dated February 3, 2016 allowing the district to retain the funds received pursuant to the referenced applications.

If you have additional questions and/or concerns, please feel free to contact me 785.330.2755 or via email, jkemble@usd497.org. I look forward to hearing from you and resolving this matter.

Sincerely,



Jerri Kemble
Assistant Superintendent, Educational Programs & Technology
Lawrence Public Schools

EXHIBIT G

Knology Business Communications Services Agreement dated March 15, 2011

KNOLOGY

KNOLOGY BUSINESS COMMUNICATIONS SERVICES AGREEMENT

1. **Knology Services**

Services Covered: This Business Communications Services Agreement ("Agreement") is made this 15th day of March, 2011, by and between Knology of Kansas and Unified School District No. 497, Douglas County, KS, ("Customer"). This Agreement covers business domestic intrastate, interstate, international telecommunications and data services including any related equipment. Additional Installation Agreements executed from time to time shall become part of this Agreement by reference hereto. This Agreement otherwise may only be amended in writing signed by both parties.

Knology, Inc. agrees to install and/or maintain the following communications services ("Services"): 18,500

Fiber Services	Rate of Service
100 Mbps Internet Access with access at both 110 McDonald and 4700 Overland Dr.	
100 Mbps transport medium for connectivity to Kan Ed	
Gigabit Ethernet Services to USD 497 locations currently connected to fiber ring (attachment A)	FRN
10 Gb Ethernet connecting Free State High School to 110 McDonald Rd	
10 Gb Ethernet connecting Lawrence High School to 110 McDonald Rd	
Up to 15 Free Gold Residential Internet Accounts	
Class C IP addresses	
Monthly Fiber Network Charge:	$18,500.00 acct# 1941057

PRI Services	
One (1) T1 circuit provisioned with 23 two-way DID trunks Installed at 4700 Overland Dr. 1400 DIDs Caller ID	$803.00
Two (2) T1 circuits provisioned with 46 two-way DID trunks Installed at 110 McDonald Dr 1100 DIDs Caller ID	$1,300.00
10,000 Minute block of Inter/Intra Lata Long Distance	$207.00

Term and Total Price

a) Monthly Reoccurring Rate of Services	$20,810.00
b) Total Installation Fee	$0.00
c) Term of Agreement	60 months

Non-reoccurring charges will be billed on a usage basis, and added to the monthly rate. These rates are exclusive of applicable taxes and fees which are also the responsibility of Customer.

Specific features and pricing on telephone services can be found in the Knology Customer Information Documentation.

The term of this Agreement shall begin on July 1, 2011, and shall continue for the applicable term as referenced in 1c. (the "Initial Term")

Internet access will increase annually by 20 Mb, commencing on the first day of July each year. The Monthly Fiber Network Charge will increase annually by $500 per month concurrent with the annual bandwidth increase.

Additional locations not covered under this agreement will be added for a reasonable one-time setup charge to be quoted prior to service installation and an additional $250 per month for each additional location.

This contract will automatically renew for an additional 12 month term unless either party notifies the other in writing of its intent to cancel at least 30 days prior to the end of the then current term. The number of additional terms will not exceed five terms of 12 months each, at which time the contract will continue on a month-to-month basis. At any time after the Initial Term Knology may adjust the Monthly Reoccurring Rate of Service upon 30 days written notice to Customer. If the Monthly Reoccurring Rate of Service increases after the Initial Term, Customer may terminate the contract for the Services impacted by the rate increase without incurring a cancellation charge by giving written notice to Knology.

2. **Payment**

   a. Customer agrees to pay Knology for use of the Services at the charges specified above without deduction, setoff or delay for any reason.

   b. **Taxes/Regulatory Surcharges.** Charges as stated above are exclusive of any applicable taxes. Customer is responsible for all taxes, gross receipts taxes, fees and surcharges relating to the sale, transfer of ownership, installation, license, and use or provision of the Services, except to the extent that Knology is provided with a valid tax exemption certificate. Customer is responsible for payment of surcharges, including but not limited to state or federal Universal Service, State and Local Sales Tax and Franchise Fees included on monthly bill.

   c. **Payment.** Customer agrees to pay Knology in accordance with the payment terms on the monthly invoice. If Customer fails to pay any charges when due, including but not limited to installation charges or taxes, and such condition continues un-remediated for a period of (30) thirty days, Customer shall be in default and Knology may terminate the service. Termination of Services will be effective upon providing Customer with 10 days written notice. Customer will be responsible for reimbursing Knology for all costs (including reasonable attorney fees) associated with collecting delinquent or dishonored payments. If Knology does not receive payment by the due date, interest may be charged on any unpaid balances at the rate of up to 1 ½% per month or the maximum rate allowed by law.

   d. **Billing Disputes.** If customer disputes billed charges, customer must notify Knology of the dispute in writing within three (3) months of the date of the affected bill, or else waive the dispute.

3. **Responsibilities of the Parties**

   a. **Knology.** Knology agrees to provide subscribed Services to Customer in accordance with this Agreement.

   b. **Customer.** Customer warrants that use of the Services and content of communications by Customer and those who access or use the Services purchased ("Users") will at all times comply with all applicable laws, regulations and instructions for use.

   c. The Customer is responsible for the compatibility of its equipment, systems or access with the Service. This responsibility applies at the initial installation and on a continuing basis as long as the connection is made.

   d. The Customer must provide the equipment space, supporting structure, conduit and electrical power when required to terminate specially constructed plant at its premises without charge to Knology. The space, structure, conduit and power must be made available in sufficient time to permit the installation of the specially constructed plant prior to its due date.

   e. The Customer is responsible for arranging premises access at any reasonable time so Knology personnel may install, repair, maintain, inspect or remove plant. Premises access must be made available at a time mutually agreeable to Customer and Knology.

   f. The Customer must pay for the loss through theft of any Knology-provided plant installed at a Customer premises. The Customer must pay Knology for replacement or repair of specially constructed plant when damage results from the negligence or willful act of the Customer or others permitted access by the Customer.

   g. The Customer must specify the type of interface that is required to enable the equipment, access or systems to function with the Service. Equipment that Knology provides shall remain the property of Knology at all times, and shall be returned to Knology upon termination of this Agreement.

   h. **Indemnity.** Knology grants Customer the right to permit Users to access and use the Services, provided that Customer shall remain solely responsible for the access and use by any User of the Services. Customer shall defend, indemnify and hold harmless Knology from and against all Damages arising out of third party claims relating to Customer or Users' use of the Service or Content or performance of the Service. Knology shall indemnify, defend and hold harmless Customer against costs and liabilities caused by the installation and maintenance of the services. Any damage to the Customer premises resulting from the negligence of Knology in performing such work will be repaired to the reasonable satisfaction of Customer.

4. **Default/Termination**

   a. If Customer terminates this Agreement prior to the agreed upon expiration date, Customer shall immediately remit to Knology an Agreement Cancellation Charge of the product of the full Monthly Reoccurring Rate of Services as set out in 1 (a) times the number of months remaining on the Agreement.

   b. If Knology's performance is impaired by a Force Majeure condition (including acts of God, fire, explosion, materially adverse weather condition, public emergency, aerial strike, or war) for a period exceeding sixty (60) days; Customer may cancel the affected Service without liability for the Agreement Cancellation Charge.

c. If the Customer cancels an order for installation before completion of installation, an Installation Cancellation Charge applies. The cancellation charge will be an amount equal to all non-recoverable costs incurred by Knology for the construction.

d. Knology may immediately suspend, restrict or terminate Service, in whole or in part and may deny requests for additional Service and may initiate other appropriate action, if it suspects fraud, abuse or misuse by the Customer, Users, or third parties or if it determines that an unusually high volume of calls are being placed on a Customer's account in any 24-hour period. The following are some examples of fraud, abuse and misuse of Service:

(i) Activities that harm or threaten to harm the network or Services, facilities or personnel of Knology or Knology suppliers;
(ii) Failure to pay for Service within the required timeframes contained in the billing invoice all Knology charges associated with use of the Service; and
(iii) Unauthorized resale of Knology Services.

The provisions found in the Contractual Provisions Attachment, which is attached hereto, are hereby incorporated in this contract and made a part hereof.

5. **Limitations of Liability**

a. For purposes of all indemnity obligations, exclusive remedies and limitations of liability set forth in this Agreement, Knology shall be defined as Knology, its affiliates, and its and their employees, directors, officers, agents, representatives, subcontractors, interconnection service providers and suppliers; "Customer" shall be defined as Customer, its affiliates, and its and their employees, directors, officers, agents and representatives; and "Damages" will refer collectively to all injury, damage, liability, loss, penalty, interest and expense incurred.

b. EITHER PARTY'S ENTIRE LIABILITY, AND THE OTHER PARTY'S EXCLUSIVE REMEDIES, FOR ANY DAMAGES CAUSED BY ANY SERVICE DEFECT OR FAILURE, OR FOR OTHER CLAIMS ARISING IN CONNECTION WITH ANY SERVICE OR PERFORMANCE OR NON-PERFORMANCE OF OBLIGATIONS UNDER THIS AGREEMENT SHALL BE:

(i) FOR INDEMNITY, THE REMEDIES STATED IN SECTIONS 3h;

(ii) FOR ALL OTHER DAMAGES OTHER THAN THOSE SET FORTH ABOVE AND NOT EXCLUDED UNDER THIS AGREEMENT, EACH PARTY'S LIABILITY SHALL BE LIMITED TO PROVEN DIRECT DAMAGES NOT TO EXCEED IN THE AGGREGATE DURING ANY TWELVE (12) MONTH PERIOD AN AMOUNT EQUAL TO THE TOTAL NET PAYMENTS PAYABLE BY CUSTOMER FOR THE AFFECTED SERVICE DURING THE ONE (1) MONTH PRECEDING THE MONTH IN WHICH THE DAMAGE OCCURRED. THIS DOES NOT LIMIT CUSTOMER'S RESPONSIBILITY FOR THE PAYMENT OF ANY AND ALL PROPERLY DUE CHARGES UNDER THIS AGREEMENT.

c. IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE, RELIANCE OR SPECIAL DAMAGES, INCLUDING WITHOUT LIMITATION, DAMAGES FOR LOST PROFITS, ADVANTAGE, SAVINGS OR REVENUES OF ANY KIND OR INCREASED COST OF OPERATIONS, WHETHER OR NOT EITHER PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

d. THE LIABILITY OF KNOLOGY FOR ANY CREDIT ASSOCIATED WITH THE INSTALLATION, PROVISION, USE, MAINTENANCE, REPAIR, TERMINATION OR RESTORATION OF SERVICE PROVIDED PURSUANT TO THIS AGREEMENT SHALL NOT EXCEED AN AMOUNT EQUAL TO THE PRORATED PORTION OF CHARGES FOR THE AFFECTED SERVICE FOR THE PERIOD DURING WHICH THAT SERVICE WAS AFFECTED.

e. KNOLOGY SHALL NOT BE LIABLE FOR ANY DAMAGES ARISING OUT OF OR RELATION TO:

(i) INTEROPERABILITY, INTERACTION, ACCESS OR INTERCONNECTION PROBLEMS WITH APPLICATIONS, EQUIPMENT, SERVICES, CONTENT OR NETWORKS NOT PROVIDED BY KNOLOGY;

(ii) SERVICE INTERRUPTIONS OR LOST OR ALTERED MESSAGES OR TRANSMISSIONS (EXCEPT TO THE EXTENT CREDIT ALLOWANCES ARE SPECIFIED);

(iii) UNAUTHORIZED ACCESS OR THEFT; OR

(iv) A LOSS OR DESTRUCTION OF CUSTOMER'S, USERS' OR THIRD PARTY'S APPLICATIONS, CONTENT, DATA, PROGRAMS INFORMATION, NETWORK OR SYSTEMS.

6. **Credit Allowances for Interruptions**

If an interruption or failure of Services is caused solely by Knology and not by Customer or a third party or other causes beyond Knology's reasonable control, Customer may be entitled to a credit allowance ("Credit Allowance").

In order to be eligible for a Credit Allowance for an interruption in Service, the Customer must report the failure to Knology and release the Service for testing and repair. The interruption period begins when the interruption is reported to

Knology and the Service is released for testing and repair and ends when the Service is operative. Only the interrupted portion of the Service will be eligible for a Credit Allowance.

Credit Allowances do not apply for the following:

- Interruptions not reported to Knology
- Interruptions that are due to the failure of utilities, services, equipment or systems not provided by Knology
- Interruptions caused by the Customer, or Users, or third parties
- Interruptions caused by Force Majeure events
- Periods when the Customer elects not to release a Service for testing and/or repair
- Interruptions during any period in which Knology or its agents are not afforded access to the premises
- Interruptions caused by conditions beyond Knology's control
- Interruptions during any period when the Customer or User has released a Service to Knology for scheduled maintenance or rearrangement purposes, or for implementation of a Customer order
- Transmission problems due to a satellite link in Customer-Provided Communications Systems
- Interruptions that continue because of the Customer's failure to authorize replacement of any element of Special Construction. The period, for which credit is not allowed, begins on the seventh day after the Customer receives Knology's written notification of the need for such replacement. It ends on the day after receipt of the Customer's written authorization for such replacement

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day first above written.

CUSTOMER:

By: _____

Print Name: Rich Minder

Title: President Board of Education

Date: 3-14-2011

KNOLOGY:

By: _____

Print Name: John A. Fiore

Title: Business Sales Supervisor

Date: 3-16-2011

EXHIBIT H

SLD Appeal re: Lawrence Unified School District #497, BEN: 137570: FY2011-2012, FY2012-2013, FY2013-2014, FY2014-2015, FY 2015-2016

SLD Appeal re: Lawrence Unified School District #497

BEN 137570: FY2011-2012, FY2012-2013, FY2013-2014, FY2014-2015, FY 2015-2016

September 28, 2016

Schools and Libraries Program Correspondence Unit
Attention: Letter of Appeal
30 Lanidex Plaza West, PO Box 685
Parsippany, NJ 07054-0685

Contact Information:

Contact Person Name:	Jerri Kemble
Contact Person Phone:	785.330.2755
Contact Person Fax:	785.832.5016
Contact Person E-Mail:	jkemble@usd497.org
Contact Person Address:	110 McDonald Dr., Lawrence KS 66044

Contact Person Name:	Eddie Holt
Contact Person Phone:	785.840.0100
Contact Person Fax:	785.749.7381
Contact Person E-Mail:	eddieholt@eratesolutions.com
Contact Person Address:	PO Box 1426, Lawrence KS 66044

Other Required Information:

Funding Year : 2011

Applicant Name : Lawrence Unified School District #497 (the "District")

Form 471 Application #: 775595, 814366

FRN #: 2175780, 2175790, 2212982,

Service Provider Name: Knology of Kansas, Inc.

Service Provider SPIN: 143008523

SLD Appeal re: Lawrence Unified School District #497

BEN 137570: FY2011-2012, FY2012-2013, FY2013-2014, FY2014-2015, FY 2015-2016

Funding Year : 2012

Applicant Name : Lawrence Unified School District #497 (the "District")

Form 471 Application #: 828451

FRN #: 2338984, 2338984, 2339017

Service Provider Name: Knology of Kansas, Inc.

Service Provider SPIN: 143008523

Funding Year : 2013

Applicant Name : Lawrence Unified School District #497 (the "District")

Form 471 Application #: 909793, 922269

FRN #: 2516093, 2516096, 2516104, 2516598

Service Provider Name: Knology of Kansas, Inc.

Service Provider SPIN: 143008523

Funding Year : 2014

Applicant Name : Lawrence Unified School District #497 (the "District")

Form 471 Application #: 958060, 981465

FRN #: 2657171, 2657175, 2675504

Service Provider Name: Knology of Kansas, Inc.

Service Provider SPIN: 143008523

Funding Year : 2015

Applicant Name : Lawrence Unified School District #497 (the "District")

Form 471 Application #: 1018862

FRN #: 2834906, 2834971, 2835015, 2835044

Service Provider Name: Knology of Kansas, Inc.

Service Provider SPIN: 143008523

SLD Appeal re: Lawrence Unified School District #497

BEN 137570: FY2011-2012, FY2012-2013, FY2013-2014, FY2014-2015, FY 2015-2016

SLD action being appealed:

The District is appealing the Funding Commitment Decision Letter dated August 2, 2016, the Notification of Commitment Adjustment Letters(7) dated August 15, 2016 and the fact that the school district is being denied as a result of a competitive bidding violation under Program Rule 54.503(d).

Basis for this appeal:

The foregoing Form 471 applications were submitted and approved on the basis that all forms were correctly completed, the provider with whom the District sought to engage was an approved provider, and the most important consideration of the competitive bidding process – the lowest-priced bidder – was the bidding applicant that was selected.

During the course of a special compliance review process in 2015, it was determined by Mr. Michael Deusinger, Manager, Special Compliance, that certain persons within the District, either as employees or board members of the District, received "gifts" that, unknown to those individuals, may be determined as more than permitted by the Program Rules.

However, it is of significant note that the District discovered a potential violation of Program Rules related to these "gifts" prior to Mr. Deusinger's special compliance review. In 2014, the District's former Director of Technology unearthed the potential for a Program Rules violation, notified her superiors, and it was determined by the District that the contract with the provider would need to be amended to eliminate any reference to the provision of services outside of the Program Rules. The Director of Technology was tasked with completing the amendment, but failed to do so prior to leaving her employment with the District.

The District, through the actions of the Contact Person, thereafter notified the provider to discontinue services which may constitute violations of Program Rules. All accounts were closed. The District took the extraordinary step to notify USAC directly that no knowing violation of Program Rules occurred and if it was determined a violation had occurred, all potential violations had been remedied.

The nature of the potential violation is important for consideration of this appeal. Pursuant to the terms of the bidding application of the provider, the provider was offering "up to 15 free Gold Residential Internet accounts." In the end, only a portion of the fifteen accounts offered were actually put to use.

The most important part of this appeal, however, regards the "competitive bidding process." Simply put, there was no "competitive" process because Knology of Kansas, Inc. was the only entity which applied to fill the USAC request issued by the District in FY2011-2012. Therefore, there could not be a "competitive" process without more than one applicant placing a bid. In the following year, the District issued a separate request for bids for services unrelated to the initial request. During that bidding process, the District actually received two separate bids. There was no change to the terms of the prior year's application and subsequent agreement, i.e., no additional services which may be considered violations of Program Rules were added to the bid placed by the provider at issue. The District elected to continue its relationship with the provider at issue because its bid was more than 25% cheaper than the other

competitive bid. Again, the most important consideration which USAC places on applicants in selection of bids to ensure the applicants are adhering to the standards of the Program – most cost efficient bidder – was followed by the District.

The Program Rules provide for leeway if applicants want to knowingly and willfully accept "modest" gifts. There is an arbitrary dollar figure that has been established and codified in Program Rule 54.503. What the rules do not do, however, is account for unknowingly accepting services by individuals who merely adopt the recommendations of others. Here, the District employee and Board Members who received services were presented with in the first instance, only one bid, and in the second instance, the lowest priced bid, and they accepted both recommendations. They had no reason to believe that acceptance of the free "Gold Residential Internet" services could potentially create a violation of the "competitive bidding process." Once it was determined by the District that there may be potential violations, the accounts were closed.

Summary and Requested Action:

The District understood that the SLD had approved the request of the District for the applicable years. Under the present circumstances, the District believes that the intent necessary to establish a violation of Program Rules is not evident and would request reversal of the decision to rescind the District's funding commitments.

Thank you

Sincerely,

Jerri Kemble

Jerri Kemble
Assistant Superintendent, Educational Programs & Technology
Lawrence Public Schools
785.330.2755
jkemble@usd497.org

Eddie Holt
Executive Manager
eRate Solutions, L.L.C.
785.840.0100
eddieholt@eratesolutions.com

Attachments:

USAC FY 2015 FCDL 471#1018862
USAC FY2011-12 COMAD 471#814366
USAC FY2011-12 COMAD 471#775595
USAC FY2012-13 COMAD 471#828451
USAC FY2013-14 COMAD 471#922269
USAC FY2013-14 COMAD 471#909793
USAC FY2014-15 COMAD 471#981465
USAC FY2014-15 COMAD 471#985060
Letter to M. Deusinger
Exhibit 1 August2016
Exhibit 2 August2016
Exhibit 3 August2016
Exhibit 4 August2016
Exhibit 5 August2016

EXHIBIT I

May 2015 Amendment to Knology Business Communications Services Agreement

ADDENDUM TO
KNOLOGY BUSINESS COMMUNICATIONS
SERVICES AGREEMENT

THIS ADDENDUM to the Knology Business Communications Services Agreement is executed on or as of this 19th day of May, 2015 (the "Effective Date") and shall modify the Knology Business Communications Services Agreement (the "Agreement") dated March 15, 2011 between Knology of Kansas, Inc. d/b/a WOW! Internet, Cable and Phone ("WOW!") and Unified School District No. 487, Douglas County, KS (the "Customer").

RECITALS:

WHEREAS, WOW! and Customer entered into the Agreement on or about March 15, 2011; and

WHEREAS, the Parties desire to amend the Agreement, as more particularly set forth in this Addendum.

AGREEMENT:

NOW, THEREFORE, for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the undersigned Parties agree as follows:

1. Fiber Services. The Parties agree that the Services to be provided by WOW! to Customer do not include "Up to 15 Free Gold Residential Internet Accounts." That provision is hereby stricken from the Agreement.

2. Other Terms and Conditions. Except as specifically revised hereby, the provisions of the Agreement shall remain the same and in full force and effect.

3. Conflict. In the event of a conflict between the terms of the Agreement and this Addendum, the terms of this Addendum shall control.

[SIGNATURE PAGE FOLLOWS]

The Parties have executed this Addendum on the date(s) set forth below, to be effective as of the Effective Date.

CUSTOMER:

Richard Doll, Superintendent

(Print Name and Title)

(Signature)

Date: 5-18-15

WOW! INTERNET, CABLE AND PHONE:

PHILIP SHERIDAN - Director

(Print Name and Title)

(Signature)

Date: 5/19/2015

EXHIBIT J

Joint Interim Appeal of Knology of Kansas, Inc. and Lawrence Unified School District #497, filed Nov. 22, 2016

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

In the Matter of	)	
	)	
	)	
Schools and Libraries	)	WC Docket No. 02-6
Universal Service Support Mechanism	)	
	)	
Request for Review by	)	
	)	
Knology of Kansas, Inc. and	)	Application Nos. 775595,
Lawrence Unified School District #497	)	814366, 828451, 909793,
of Funding Decisions by the	)	922269, 958060, 981465,
Universal Service Administrative Company	)	and 1018862

REQUEST FOR REVIEW BY KNOLOGY OF KANSAS, INC.
AND THE LAWRENCE UNIFIED SCHOOL DISTRICT #497
OF DECISIONS BY THE UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Pursuant to Sections 54.719 and 54.722 of the Commission's rules,[1] Knology of Kansas, Inc. (Knology) and Lawrence Unified School District #497 (the District) (collectively, Petitioners) respectfully request a review of a Universal Service Administrative Company (USAC) decision to seek recovery of Schools and Libraries universal service program funding (E-rate) from Petitioners for Funding Year 2011 (FCC Forms 471 numbered 775595 and 814366); Funding Year 2012 (FCC Form 471 numbered 828451); Funding Year 2013 (FCC Forms 471 numbered 909793 and 922269); and Funding Year 2014 (FCC Form 471 numbered 958060 and 981465).[2] Petitioners dispute the existence of the debts that USAC seeks to recover. Because USAC's decision places an undue burden on Petitioners and represents an inefficient use of Commission resources, Petitioners ask that the Commission reverse USAC's

[1] 47 C.F.R. § 54.719(b), (c); 47 C.F.R. § 54.722(a).

[2] Petitioners reserve the right to file substantive appeals by the 60-day deadline and intend to do so.

decision to require repayment of the disputed debts by November 23, 2016, by either (1) waiving the requirement that Petitioners pay the requested funds within 30 days, or (2) rescinding its approval of USAC's requests for repayment by Petitioners.[3]

I. Background

Lawrence Unified School District #497 is a public school system in Lawrence, Kansas, committed to ensuring educational equity and excellence so that students of all races and backgrounds achieve at high levels and graduate prepared for success in college, careers and life in a diverse and rapidly changing world. Knology of Kansas, Inc., formerly Sunflower Broadband, is wholly owned and operated by WideOpenWest Finance, LLC d/b/a WOW! Internet, Cable and Phone, which has been providing telecommunications services to customers in Kansas since 2001.[4]

The District submitted applications for E-rate funding for funding years 2011, 2012, 2013, and 2014. Knology provided Internet access services to the District based on those applications. USAC approved each application and issued a funding commitment decision letter (FCDL) approving E-rate funding for those funding years. The District has received funding under those FCDLs for funding years 2011, 2012, and 2013.

In August 2016, USAC rescinded its approval of the District's requests for E-rate funding for funding years 2011, 2012, 2013, and 2014, and denied the District's funding request for

[3] Petitioners also request a waiver of Section 54.719 of the Commission's rules, 47 C.F.R. § 54.719, to the extent that it requires Petitioners to appeal the demand letters to USAC before filing this Request for Review with the Commission.

[4] Sunflower became Knology of Kansas, Inc. in 2010 and began operating under the d/b/a WOW! Internet, Cable and Phone following WOW's purchase of Knology in 2012.

2015. USAC based the denial of funding on its determinations that funds were committed in violation of E-rate rules. Petitioners filed timely appeals of this decision with USAC.

On October 25, 2016, USAC denied most of Petitioners' appeals. On the same day—October 25, 2016—USAC sent letters to Petitioners demanding repayment of E-rate funds received by the District for funding years 2011, 2012, 2013, and 2014.[5] Accordingly, Petitioners have until December 23, 2016—60 days after USAC's denials of their appeals—to file appeals with the Commission.[6] However, the District has only until November 23, 2016—30 days after USAC issued the demand letters—to repay the money it received for funding years 2011, 2012, 2013, and 2014 or Petitioners will be placed on the Commission's red light list.[7] Petitioners deny USAC's allegations of wrongdoing and intend to file appeals with the Commission by the deadline.

If Petitioners do not file an appeal by the demand letter deadline, USAC has been directed by the Commission to place Petitioners on the Commission's "red light" list, as debtors to the government that have not repaid funding owed to the program. Applications filed by entities on the Commission's red light list are automatically dismissed.[8] The District has applications for E-rate support for funding year 2016 that are pending with USAC. Service providers likewise cannot receive funding.

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[5] USAC denied one FY 2011 appeal on October 26, 2016. It sent a demand payment letter for that application on October 28, 2016.

[6] A party has 60 days from the date of a USAC decision to request a review by the Commission. 47 C.F.R. § 54.720(a); *see also Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, Second Report and Order, FCC 03-101, para. 56 (2003) (extending the appeal deadline from 30 days to 60 days).

[7] *Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, Fifth Report and Order and Order, FCC 04-190, para. 42 (2004) (*Fifth Report and Order*).

[8] 47 C.F.R. § 1.910(b)(3)(i); *Fifth Report and Order*, para. 42.

II. The Commission Should Reverse USAC's Decision to Demand Repayment from Petitioners Before They Have Had an Opportunity to Appeal to the Commission

Petitioners request relief from the Commission on the ground that USAC's demand letters require repayment of a disputed debt before Petitioners have had an opportunity to appeal USAC's findings of alleged violations to the Commission. This outcome is unfair to Petitioners and is administratively inefficient. Petitioners deny USAC's allegations of wrongdoing and dispute the existence of the resulting debts. Accordingly, Petitioners ask the Commission to reverse USAC's decision to require repayment of the disputed debts by November 23, 2016, and propose two alternative actions that would achieve the requested relief.

A. USAC's Action Is Unfair and Unduly Burdensome to Petitioners

As noted above, USAC is seeking recovery of funds from Petitioners based on findings of alleged wrongdoing by Petitioners. USAC denied Petitioners' appeals of those findings on October 25, 2016, so Petitioners have until December 23, 2016, to appeal USAC's decisions to the Commission. At the same time, USAC is demanding—again, based on the same findings of alleged violations—that Petitioners repay E-rate funds by November 23, 2016, a full month before their appeals to the Commission are due.

Thus, USAC has, in effect, demanded repayment of a disputed debt by Petitioners not just before their associated substantive appeals of USAC's decision are resolved, but before those appeals are even *due* to the Commission. USAC's action is unduly burdensome to Petitioners, who, in response to the demand letters, must either (1) repay a disputed debt before their appeals have been exhausted, which is not ordinarily required of program participants;[9] (2) prepare and file with the Commission an appeal of USAC's findings of alleged wrongdoing in

[9] *Fifth Report and Order*, para. 43 (noting that Commission rules "provide the opportunity to contest any finding that monies are owed to the Commission").

half the time they would otherwise be allotted under Commission rules; or (3) file the instant request for review of USAC's demand letters. If Petitioners do not take one of these actions, they risk being placed on the Commission's red light list and thus jeopardize their ability to receive E-rate funding.[10] Petitioners have opted to file this timely appeal of the demand letters, which prevents them from being placed on the red light list.[11] The requested relief will allow Petitioners to pursue the administrative remedies to which they are entitled under the Commission's rules, and to await a Commission decision with respect to the violations alleged by USAC before they are required to repay any E-rate funds.

B. USAC's Action Constitutes an Inefficient Use of Universal Service Fund and Commission Resources

USAC's action also constitutes an inefficient use of Universal Service Fund and Commission resources: the issuance of demand letters and the denial of the associated appeal on the same day or just a few days later suggest that USAC sought Commission approval of the demand letters before it had officially concluded that a violation of the E-rate rules had taken place.[12] Furthermore, the Commission had to review USAC's actions and approve of the

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[10] *See* 47 C.F.R. § 1.910(b)(3)(i) ("If a delinquency has not been paid or the debtor has not made other satisfactory arrangements within 30 days of the date of the notice provided pursuant to paragraph (b)(2) of this section, the application or request for authorization will be dismissed."); *Fifth Report and Order*, para. 42 ("USAC shall dismiss any outstanding requests for funding commitments if a school or library . . . has not paid the outstanding debt, or made otherwise satisfactory arrangements, within 30 days of the date of the notice provided for in our commitment adjustment procedures.").

[11] *See* 47 C.F.R. § 1.910(b)(3)(i) ("The provisions of paragraphs (b)(2) and (b)(3) of this section will not apply if the applicant has timely filed a challenge through an administrative appeal or a contested judicial proceeding either to the existence or amount of the non-tax delinquent debt owed the Commission."); *Fifth Report and Order*, para. 43 ("Applications will not be dismissed pursuant to our red light rule if the applicant has timely filed a challenge through administrative appeal or a contested judicial proceeding to either the existence or amount of the debt owed to the Commission.").

[12] USAC is required to seek Commission approval before issuing demand letters. *Changes to the Board of Directors of the National Exchange Carrier Association, Inc.; Federal-State Joint Board on Universal Service*, CC Docket Nos. 97-21, 96-45, Order, FCC 00-350, para. 14 (2000).

issuance of the demand letters while USAC then had to prepare and issue them—a waste of Universal Service funds when the Commission may overturn USAC's decision on appeal. In addition, USAC's action effectively requires the Commission to consider multiple requests for relief for the same set of circumstances—in the instant request for review, and again in the appeals that Petitioners will file less than a month from now. By postponing any repayment until Petitioners' administrative remedies are exhausted, the requested relief will prevent further misuse of administrative resources.

C. Petitioners Propose Two Options for Granting Relief

Petitioners propose two alternative methods the Commission may use to grant the requested relief:

- *Waive the Requirement of Payment Within Thirty Days*. Once in receipt of a demand letter from USAC, parties are required to pay the requested amount within 30 days.[13] The Commission could waive this requirement and allow Petitioners to postpone repayment until the completion of the appeals process.

  Any of the Commission's rules may be waived if good cause is shown.[14] The Commission may exercise its discretion to waive a rule where the particular facts make strict compliance inconsistent with the public interest.[15] In addition, the Commission may take into account considerations of hardship, equity, or more effective implementation of overall policy on an individual basis.[16] In this case, as explained above, USAC's demand letters impose an undue hardship on Petitioners,

[13] *Fifth Report and Order*, para. 42.

[14] 47 C.F.R. § 1.3.

[15] *Northeast Cellular Telephone Co. v. FCC*, 897 F.2d 1164, 1166 (D.C. Cir. 1990) (Northeast Cellular).

[16] *WAIT Radio v. FCC*, 418 F.2d 1153, 1159 (D.C. Cir. 1969); Northeast Cellular, 897 F.2d at 1166.

and a waiver of the repayment deadline would alleviate some of the administrative inefficiencies created by USAC's demand letters, thus leading to a more effective implementation of overall E-rate policy in this case. The criteria for waiving a rule are therefore met.

- *Rescind Commission Approval of USAC's Requests for Repayment by Petitioners.* As noted above, the issuance of the demand letters and the denial of Petitioners' appeals four days later suggest that USAC sought Commission approval of the demand letters before it had officially concluded that a violation of the E-rate rules had taken place. Under these circumstances, the Commission might consider rescinding approval of USAC's requests for repayment and requiring USAC to resubmit them for approval, if still appropriate, once Petitioners have exhausted their appeals.

Petitioners believe that this request for review is properly before the Commission because it includes a request for waiver[17] as well as a request for rescission that only the Commission can grant. However, to the extent that Section 54.719(b) of the Commission's rules requires Petitioners to seek USAC review of the demand letters before filing an appeal with the Commission, Petitioners request that the Commission waive that rule.[18]

Finally, Petitioners believe that the *Fifth Report and Order* allows recipients of E-rate funds to seek Commission review of USAC demand letters.[19] However, the Wireline Competition Bureau has recently indicated that issuance of a demand letter does not, in itself,

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[17] *See* 47 C.F.R. § 54.719(c).

[18] 47 C.F.R. § 54.719(b).

[19] *Fifth Report and Order*, para. 40 ("Parties are already free today to challenge any action of USAC – including the issuance of a demand for recovery of funds – by filing a request for review with this Commission pursuant to section 54.722 of our rules.").

constitute an appealable event.[20] To the extent that the Bureau's recent decision may call into question Petitioners' ability to seek Commission review of the disputed debts identified in USAC's demand letters, Petitioners nonetheless believe that the relief requested in the instant appeal is appropriately before the Commission. Unlike the facts in the Bureau's recent decision, here the issuance of the demand letters effectively resulted in *less* time for Petitioners to submit an appeal to the Commission, rather than more; accordingly, the facts and equities in this case warrant consideration by the Commission.

III. Conclusion

For the foregoing reasons, the Commission should grant Petitioners' request for review and reverse USAC's decision to require repayment of E-rate funds by November 23, 2016, by either (1) waiving the requirement that Petitioners pay the requested funds within 30 days, or (2) rescinding its approval of USAC's requests for repayment by Petitioners.

Respectfully submitted,

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November 22, 2016

[20] *Streamlined Resolution of Requests Related To Actions By The Universal Service Administrative Company*, Public Notice, DA No. 16-334, at 3 n.7 (rel. Mar. 30, 2016).

CERTIFICATE OF SERVICE

This is to certify that on this 22nd day of November, a true and correct copy of the foregoing Request for Review was emailed to:

Schools and Libraries Division, Universal Service Administrative Company,
Appeals@sl.universalservice.org

/s/ Theresa Schrader, paralegal