

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

In the Matter of:]
Federal-State Joint Board] CC Docket No. 96-45
on Universal Service]

To: Administrator,
Schools and Libraries Corporation

RECEIVED

APR 21 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

OPPOSITION

Submitted by:

TENNESSEE STATE DEPARTMENT
OF EDUCATION

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- A. Tennessee FCC Form 471 Application
Contract between ENA and Tennessee, as Amended.
- B. Department Contract Decision
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I.
Introduction and Summary

1. In its Petition, ISIS 2000 requests a Commission determination as to the eligibility for Universal Service Fund ("USF") support of four (4) specific elements of the 1998 Internet Access Service Program for Tennessee Schools and Libraries ("Program"). This Program was submitted to the SLC by the Department for such support on April 15, 1998 (see ISIS 2000 Petition at page 3).²

2. In support of this request, ISIS 2000 first asserts that "for essentially the same overall scope of services, the pre-discount price proposal submitted by ISIS 2000 is approximately \$23 million lower than [the pre-discount price submitted by the Program's successful bidder, Education Networks of America, Inc. ("ENA").] . . . this vastly greater cost of ENA's proposal, standing alone, is an extremely serious abuse of FCC rules and USF funding standards" (ISIS 2000 Petition at pages 2-3). As more fully detailed in Section III below, after a review of all competing bids for Program services by the Department under the State's Procurement Rules, the Department concluded not only that the ISIS 2000 services were not essentially the same as those proposed by ENA but also that ISIS 2000 proposed a technically inferior Service. In order for ISIS 2000 to bring its cost proposal up to a comparable range could result in a pre-discount cost as great as \$187 million, or a \$113 million higher pre-discount price for ISIS 2000 than for ENA, for a potentially inferior service. In response to a Protest filed by ISIS 2000, the State Review Committee reviewed and affirmed the Department's denial of ISIS 2000's protest. The Department believes that an acceptance of the ISIS

²See, Application of the Tennessee State Department of Education; Schools and Libraries Universal Service, Services Ordered and Certification Form, FCC Form 471, filed April 15, 1998, within the SLC's "75 day Initial Filing Window." FCC Public Notice DA-98-129, released January 26, 1998. Attachment A, hereto.

2000 proposed bid, and a submission of that proposal to the SLC for funding would be inconsistent with Part 54 of the Commission Rules, particularly as it relates to "lowest corresponding price" and competitive "pre-discount price" determinations.

3. Second, ISIS 2000 asserts that ENA's purchase of used ConnectTEN equipment from the State of Tennessee, and the subsequent use of this equipment, in whole or part, in ENA's provision of Internet Access Service to the State's schools and libraries, would be "a deceptive shell game" which "violates FCC Rules both through the funding of existing ineligible equipment and by artificially inflating the federal USF contribution" (ISIS 2000 Petition at page 4). As more fully detailed in Section IV below, the Department, when presented with the opportunity through competitive bidding for new service options for its schools and libraries (alternatives unavailable prior to the competitive stimulation of the Universal Service Fund Program) evaluated both proposals and found ENA's proposal to be superior and, opted to obtain an Internet Access Service, rather than to own and operate a state network, (as clearly permitted and accomplished under State Rules) and to sell its ConnectTEN network. ENA, in its proposal to the Department, offered to purchase the ConnectTEN network and to use elements of the network in the provision of its Internet Access Service to the State's 1,800 school sites, beginning July 1, 1998. The only other alternatives available were for ENA either (i) to purchase, in lieu of the ConnectTEN network, "new" equipment for an estimated \$12 million [\$4.5 million more] and to install new Internet points-of-presence in less than two months in every school, with the additional costs that entails or (ii) to obtain Interim Service from BellSouth for \$45 million more for the eighteen month transition period. The clear advantages to schools of obtaining end-to-end service, with its overall equipment maintenance and

integration and its full service transition responsibility for the schools, was otherwise not available. The Commission's and the SLC's Rules clearly permit the equal funding of both "new" and "used" communications equipment by Internet Access Providers and telecommunications carriers for new forthcoming services. Also, the Rules would appear clearly to support the requirement that the \$4.5 million savings (i.e. "savings" from the use of used ConnectTEN equipment for \$7.5 million versus the use of new equipment for \$12 million) must be reflected in its USF funding request. The ISIS 2000 proposal, on the other hand, was either to require the State to continue owning, operating and funding ConnectTEN, or was to "scrap it" and purchase a new ConnectTEN II, which would require an investment to be owned by the State and funded in the amount of as much as \$113 million more for ISIS 2000. ISIS 2000's proposal was evaluated and considered to be an inferior alternative and, furthermore, implementation of the ISIS 2000 proposal would be fiscally impractical, technically unworkable and without public benefit.

4. Third, ISIS 2000 asserts that "various other elements of the new services proposed by ENA are also ineligible for USF discounts, . . . including ineligible WAN equipment and support services" (ISIS 2000 Petition at page 19) and, fourth and finally that the funding of "already discounted ISDN services" would violate Commission Rules. (ISIS 2000 Petition at pages 21 and 24). As more fully detailed in Section V below, the Department believes that ISIS 2000 has clearly misread the Commission's Rules and has clearly overlooked the most current rulings of the Tennessee Regulatory Authority ("TRA") as they apply to "WAN and Internet service providers other than the State" and to "tariffed ISDN circuits," respectively. It also has mischaracterized the ENA Internet WAN "service trouble-shooting function" as "teacher training," which it is not.

5. The Department believes that the elements proposed by it for funding are subject to such an eligibility classification, based on outstanding Commission and SLC guidance and Rules, and it so renews its request for such funding. To the extent that transition to a new USF Program by States such as Tennessee (with existing networks) requires greater clarity in order to avoid contests by "disgruntled bidders," and to insure the "timely availability of new technology services" to its schools and libraries (which, of course, is the "primary purpose" of the USF Program), the Department also herein requests such a Clarification. (See Section VI herein)

6. Finally, the State believes it important to emphasize that the ENA Internet Access Service, unlike any other, will provide Tennessee schools with virtually unlimited access to the Internet for under \$1,000 per month per school, (or \$1.97 per student), allowing access to grow from 15,000 to 90,000 computers. Furthermore, unlike any other Service, it will allow schools to achieve this result with substantially reduced risk and at a savings in excess of \$100,000,000 dollars over other commercially available services.

II. Background

7. The State of Tennessee, acting through its Department of Education and pursuant to its Competitive Procurement laws (TN Code Annotated §12-4-109), has entered into a contract with ENA for Internet Access Service for its schools. (See Attachment A(1) hereto). In addition, and acting through its Department of Education and pursuant to the Competitive Procurement Procedures of the Commission and the SLC (47 CFR §54.000), the State has requested USF funding for the

Internet Access Service, by line components, as appropriate, on behalf of its individual schools (see Attachment A(2), hereto).

8. ISIS 2000 was an unsuccessful bidder for the Program which filed a Protest with the State. This Protest was denied by the State. The current ISIS 2000 Petition, filed on April 3, 1998, before the resolution of its Protest and before the filing of the State's request for funding, has raised four (4) discrete issues regarding funding eligibility for Commission determination. It is to these four (4) issues which the Department addresses its Opposition. ISIS 2000 does not request a disqualification of the State's Application from initial first-round funding for schools pending the clarification of its issues, and does not object to an Amendment of the State's Application, should that be required upon a clarification. The disqualification of Tennessee schools from initial first-round funding, as appropriate, due to the filing and clarification of an Objection would be contrary to Commission Rules and to the public interest convenience and necessity.

9. At the outset, it is important to an understanding of the issues to recognize the fundamental (non-factual) differences in the proposals submitted by ISIS 2000 and ENA, and to recognize the basis for the award of the contract to ENA. Contrary to ISIS 2000's often inflammatory remarks regarding "fraud," the approaches of the parties are "not similar," and it is this fact that dictates the decisions at issue, by both the State and the USF under the Commission's Rules.

10. ISIS 2000 proposed essentially the incremental addition of "equipment" to the current ConnectEN network. This equipment would be owned by the Department on behalf of its schools and libraries, and ISIS 2000 would operate it and maintain it, and upgrade it periodically. For this, it would be entitled to a monthly fee, plus costs. ENA, on the other hand, proposed a "turn-key"

Internet Access Service. This Service, for which it would be entitled to a monthly fee, was for a guaranteed risk-free level of service, eg. 99% entire network access availability.

11. In its most simplistic form, the State evaluated the two proposals and found the "Service" approach proposed by ENA to be technically superior. In addition to the other advantages noted in the Attachments B and C hereto, the ENA service proposal provided for:

- End-to-end service integrity, with Internet Reliability index allowing teachers to use the network on a 99% basis during the school day,
- Full dedicated capacity, based on an equitable scale of students -to-computer ratio guaranteed for all students at 2 web pages per minute at every computer,
- The total elimination of mixed-component network risk, and no "finger pointing" among suppliers of various components.
- The fastest, most secure and sophisticated growth to full capacity, from 15,000 - 90,000 computers and with 3 hours per student per week with no-wait,
- The lowest cost per student and per school, \$1.97 per student per month or \$989 per school per month,
- The elimination of the need for a State or local on-site operations and maintenance technology capability in each school, including in disadvantage schools,
- The elimination of the risk of technology obsolescent and unknown administrative operations and maintenance costs, and
- A guaranteed level of Internet connectivity, with the least amount of disruption.

12. In brief, the Department believes that "an end-to-end Internet Access Service" is superior to "added-equipment." Furthermore, the Department believes that the record in this proceeding will overwhelmingly support its decision, (as it does under the Federal Acquisition Regulations, in commercial telecom services and in cases such as FTS-2000) and that the Commission intended the

State and local schools to make such decisions in this regard. (Fourth Report and Order at page 72).

This is further supported by the fact that, if the ENA Internet Access Service cost of \$984 per school were to be applied to all U.S. schools (i.e. 110,000 schools @ 66% reimbursement), the cost to the USF would be less than \$857 million per year, or less than 40% of the USF would be needed for all U.S. schools under the ENA approach. Using traditional tariffed Internet Communications, or the ISIS 2000 approach, would exhaust the USF (e.g. \$2,600 per school x 110,000 schools equals \$2.3 billion) within the year.

13. The four issues raised by ISIS 2000 go directly to the question of how the Commission's Rules fund both "Internet services" and "State equipment" (not to the facts regarding the State's selection) and how the Commission's Rules provide for a transition from an equipment to the service environment mandated by Congress. As the Commission and the SLC are aware, Internet Access Services are specifically eligible (47 CFR §54.101) (SLC Frequently asked Questions ("FAQ"), dated 7/2/97, Questions #5 and 8) (Fourth Report and Order at Paragraph 190) and State-Owned Equipment is not (47 CFR §54.518) (SLC FAQs, dated 7/2/97, Question #9) (Fourth Report and Order at Paragraph 163, 182-187).

14. It is also important to recognize that ENA provided cost data with and without USF funding, as required by the State's Request for Proposals, and additionally it assumed responsibility for funding decisions. ISIS 2000 did not. ISIS 2000 only provided data with USF funding for 3.5

years, assigning the full risk of future funding to the schools.³ Without USF funding, ISIS 2000 could not perform.

III.

The ENA Internet Access Service is a Fully Competitive and Least Cost Service

15. As set forth in Section I above, ISIS 2000 argues that the price paid for Internet Access Service is "excessive" (ISIS 2000 Petition at page 5). This argument is based on the incorrect conclusion that the ISIS 2000 proposal for Internet Equipment was approximately "\$23 million lower for the same scope of services" (ISIS 2000 Petition at page 5). Effectively, ISIS 2000 asks the SLC to use the ISIS 2000 Proposal as a "benchmark" for determining a pre-discount price. (See Rules at §54.500(e) and (i) and (FAQs #32)).

16. As detailed in Section II above, and in Attachments B, C and D hereto, the ISIS 2000 proposal cannot be used as a "benchmark" because it is for a different, and for a far less extensive and lower quality, scope of services, i.e. incremental equipment and operations and maintenance services, rather than full-turn-key Internet Access Services, and does not reflect the technical and operational benefits inherent in the ENA proposal. (Fourth Report and Order at Paragraph 153). (FAQs #28 and 34)⁴

³See Fourth Report and Order at Paragraph 221, "Approval of discounts in one year should not be construed as a guarantee of future coverage or assurance that the same level of coverage will be available in future years."

⁴See also, ISIS 2000 Proposal Clarification, date March 10, 1998 at page 7: "Our service involves the management of hardware and circuits to schools and at various aggregation points." Attachment C hereto.

17. Further, even if it could be used as a "benchmark," the proper comparison would be as follows:

	<u>Basic Comparisons⁵</u>		
	<u>ENA</u>	<u>ISIS 2000</u>	<u>BellSouth.net Tariff</u>
Program Cost ⁶	\$74,352,941	\$187,000,000 ⁷	\$190,402,000
USF Funding	49,072,941	123,420,000	125,665,000
1998 State Funding	25,370,000	63,580,000	64,738,000

Even without comparable services from ISIS 2000, this comparison shows not only that the ENA pre-discount price is significantly less than the ISIS 2000 pre-discount price, but also that it is less than the price of competitively available commercial Internet Access services. (FAQs #32) This,

⁵Basic Comparisons are for the period of the ENA Contract, not for the purposes of 1998 funding. Such funding is reflected in Form 471, line 15 "Shared Services." On April 14, 1998, Tennessee and ENA entered into a minor amendment to their contract. To the extent that the Department may need to amend its Form 471, or to file a Form 486, to reflect this minor modification, it plans to do this at the appropriate time and as required in the Fourth Report and Order at Paragraph 229.

⁶Program Cost would relate to Pre-discount Price.

⁷Problems with the ISIS 2000 proposal were raised and highlighted during the Petition for Review process (Attachment B). ISIS 2000 did not question or reject the Department's analysis of whether ISIS 2000 incorrectly calculated the true cost and scope of its proposals before the Department (see Attachment C (Exhibit 4) hereto) where the ISIS 2000 one-month cost was multiplied by six months to obtain the cost for 1998, and by forty-two months to obtain the contract cost. BellSouth which proposed to provide telecom lines for both ENA and ISIS 2000, has subsequently confirmed that its school-based telecommunications costs alone would exceed \$42 million, before equipment purchase, installation, management, network backbone circuit costs, Internet access or operations costs.

of course, will be true regardless of any determination regarding ConnectTEN funding (discussed in Section IV below).

18. Furthermore, ISIS 2000 correctly notes that while pre-discount price is a "primary factor," it is not the only factor (ISIS 2000 Petition, at page 8). Indeed, the Commission has granted schools "maximum flexibility" and discretion to take service quality into account and "to choose the offering that meets their needs most effectively and efficiently" (Report and Order at 9029), (Fourth Report and Order at Paragraph 192). The selection of a full-service approach, (as described in Section I above), as often required in federal procurements and communications tariffs, cannot be viewed as an abuse of discretion.⁸ It rather must be viewed as required, logical and imminently reasonable, far exceeding any criteria imposed by Commission Rule on schools.

IV.
The ENA Internet Access Service Provided Through
ConnectTEN is Eligible for Funding

19. In its Petition, ISIS 2000 argues that ConnectTEN, if sold by the State to ENA, renders ENA's Internet Access Service ineligible, in this part, to USF funding (ISIS 2000 Petition at page 14). In sole support, ISIS 2000 cites SLC Frequently Questions and Answers, released February 24, 1998, stating that "the payment for and delivery of services must occur on or after January 1, 1998 in order to qualify . . ." (ISIS 2000 Petition at page 14).

⁸Attachment B herein lists the following technical advantages, among others, of the ENA Service. This includes among other factors: faster access, lower delay, higher throughput, increased bandwidth, direct access, full integration, full service responsibility, reduced congestion, equitable access, etc. It also notes the State's conclusion that ENA was rated significantly higher than ISIS 2000 on technical issues and ENA would have received the award even without a cost differential (Attachment D, page 6).

20. Section 54.501 of the Commission's Rules provides: "Telecommunications carriers shall be eligible for Universal Service Support . . . for providing supported services to eligible schools, . . . [Emphasis supplied]."

Section 54.502 provides:

"For purposes of this support, supported telecommunications services provided by telecommunications carriers include all commercially available telecommunications services, in addition to all reasonable charges that are incurred by taking such services[Emphasis supplied]."

Section 54.517 provides:

"Non-telecommunications carriers shall be eligible for Universal Service Support under this support for providing Internet access and installation and maintenance of internal connections [Emphasis supplied]."

Finally, Frequently Asked Questions ("FAQ") on Universal Service (DA-97-1374) provides:

"Eligible Schools and Libraries will be able to purchase all commercially available telecommunications services, Internet access, and internal connections at discounted rates [Emphasis supplied]."

21. The Commission's Rules and the SLC FAQ's provide no doubt as to the availability of funding for ENA Internet Access Services, consistent with Congressional intent under the 1996 Telecommunications Act. (Section 2741(c)) ("Act").

22. Just as significant, neither the Act nor the Commission's Rules set forth any requirements or conditions relating to how, or from whom, an Internet Access Service Provider may acquire its basic equipment. Indeed, the clear intent is that underlying carrier-choice in equipment selection will allow it to be more competitive in its offering - as in the current situation. Certainly, no regulation restricting the use of "used" equipment exists. Rather, the Rules specifically require

competitive service pricing, in lieu of the competitive acquisition of underlying components of equipment, as the controlling factor. Should the Commission have mandated and imposed procurement regulations on Internet Access Providers (i.e. selected to regulate them) it would have been so asserted. Further, neither the Act nor the Rules dictate to states what they can do with respect to their assets, or the use of the proceeds. Acquisition and sale of State equipment is in the sole purview of State Procurement Rules. To assign this to the federal government is unjustified and improper.

23. Moreover, the practical effect of ISIS 2000's position would be contrary to the public interest. As noted in Section I above, the alternatives to the use of ConnectTEN would require greater, not less, USF funding. If the schools are required to replace ConnectTEN with "new" equipment, this would entail a \$12 million investment (versus a \$7.5 million investment) in "new" equipment by ENA. The USF reimbursement of this would be \$8 million (versus \$5 million) (at 66% funding). The consortium's "share" would be \$4 million, reduced by the sale price of ConnectTEN. Thus, if ConnectTEN is "unused," the USF funding increases. On the other hand, if ConnectTEN is sold to ISIS 2000, the state could lose \$7.2 million and the USF could lose \$74 million (see Basic Comparison above). In brief, the ISIS 2000 proposal to force the Department to sell ConnectTEN to it; to force the schools to pay an excessive charge for a "mixed-network" maintenance contract; and to buy all "new" equipment, should be rejected.

24. While largely the subject of innuendo in the ISIS 2000 Petition, it appears to be ISIS 2000's public policy argument that to allow funding here would "open the floodgates" to numerous other providers (ISIS 2000 Petition at page 16). The question of transition to a full-service environment

will be addressed in Section VI below, however, it must be noted that current law and policy clearly permit and favor eligibility for "used" equipment for telecom services. Further, since the ENA proposal, if applied to all U.S. schools, could insure that USF funding will be available for all U.S. schools (see Paragraph 12, above), the "floodgates" would appear to be quite beneficial and to fulfill the clear intent of Congress. Thus, the issue of whether conditions may warrant a future restriction, as exists now for state-owned and state-used networks which were not competitively offered, is best left for Congress in light of its reasonableness and benefits.

V.

WAN and Internal Connections
are Eligible for Funding

25. The State has chosen to purchase Internet Access Service from ENA on a turn-key basis. The State has chosen not to own and operate a wide area network or internal connections. However, in its Petition, ISIS 2000 argues that components of the ENA Internet Access Service (such as Educational Hub Sites, servers and routers and certain ENA support personnel) are not eligible because they are not on the SLC's February, 1998 "Eligible List of Services." (ISIS 2000 Petition at page 19)

26. These components of ENA's Internet Access Service are clearly eligible for reimbursement. First, each is an integral part of the Internet Access Service, (including the few people referred to by ISIS 2000 as "teacher trainers" who service the 1,800 points-of presence), which is per se eligible. (Report and Order at Paragraph 436). Indeed, since the equipment is part of a "gateway" and does not involve the generation or alteration of content but rather protocol conversion and network management, the Commission's Rules are clear. Second, to the extent that these components may

be considered a part of a wide area network, they are also eligible since (unlike in the ISIS 2000 proposal) they are not to be built, purchased or owned by the State. (Fourth Report and Order at Paragraph 193). (See also §54.500(1), §54.506 and §54.518 of the Rules) The reason that ISIS 2000 could not recover the costs was because, as structured by ISIS 2000, the components would be "state purchased." Third, the Commission has found such items as "routers, hubs, network file servers ... and their installation and basic maintenance eligible because all are needed to switch and route messages . . ." (Report and Order at Paragraph 460). Fourth, and, finally, the FAQs of the SLC specially address the full eligibility of routers, hubs, network file servers and other equipment "needed to transport information." Indeed, without such equipment, the Internet Access Service could not perform at required service levels, thus requiring additional cost for expanded speeds and additional bandwidth.

VI.

ISDN Circuits are Eligible for Funding

27. In its Petition, ISIS 2000 argues that while "ISDN circuits are considered eligible telecommunications service for purposes of obtaining USF discounts, the particular ISDN circuits for which ENA proposes the State will obtain USF discounts are not (ISIS 2000 Petition at page 25) Emphasis supplied."

28. ISIS 2000 believes that, since "they have already been installed as part of ConnectEN and the TRA has ruled them ineligible," they are ineligible (ISIS 2000 Petition at page 25). While installation has occurred, costs of services are being realized on a current year basis under tariff, thus the Service has not been provided before January 1, 1998. To assume that because they are installed

they are ineligible would render ineligible all existing tariffed services. Further, the Department believes that the TRA has not found that tariffed ISDN circuits, subject to State discounts, are ineligible for funding. Thus, under Commission Rules, both would be now eligible for funding.

29. Attached hereto (as Attachment E) is a copy of the TRA's deliberations. It should be noted that while one director supported the proposition that "schools and libraries will have the opportunity to choose the state or federal (USF) discount," the TRA voted to "continue to require tariffed discounts for schools and libraries" and to implement the "Commission's matrix."

30. The Commission has consistently found that federal and state discounts both apply when both are available (Fourth Report and Order at Paragraph 194). Further, the Commission has provided an avenue for relief from a State subsidy by a "carrier" subject to dual non-compensatory rates (Report and Order at Paragraph 471).

VII. Transition and Conclusion

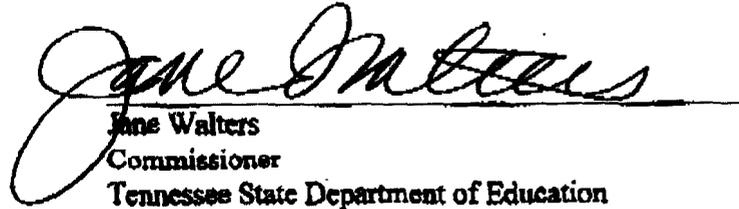
31. It is clear from the record in this docket that Congress and the Commission have placed a value on the provision of "telecommunications services" to schools and libraries by funding such services through the USF. It is also clear that states will not be eligible for funding for the repair and expansion of new and existing state networks. Thus, a transition is in progress. Further, it is clear that states must be permitted to transition in an orderly and economical fashion, consistent with the public interest, to this new environment. The Commission must recognize in implementing its Rules that the objective is to bring services to the schools in an economical fashion. Its objective cannot be to force schools to buy "new" equipment to achieve funding, particularly when it is more

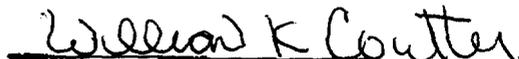
expensive for both the USF and the school; it cannot be to substitute federal rate and service regulation on competitive Internet providers and schools; and it cannot be to force schools to live with "less-than adequate" old facilities. As long as the public interest is served in bringing students Internet Access on an efficient and effective basis which will preserve and guarantee the USF to the maximum extent, the public interest clearly favors a broad application and not a restricting one which overlooks its basic objectives.

32. Tennessee believes that it has carefully and diligently complied with all Rules and Regulations and, just as important, with the clear intent of Congress and the SLC, and in the best interest of its children. Tennessee is proud of its past leadership in bringing efficient and effective telecommunications services to its students and of its current efforts to transition in an efficient fashion, mindful and supportive of the USF needs of its neighbors. Tennessee has many school libraries where there are no books that anticipate man on the moon. It has students in some isolated areas that have never been to McDonald's or stepped on to an escalator. For them, the Internet opens the world. The States 900,000 public school children have benefited from access to the Internet. Through it they see pictures, meet people, explore ideas and both receive and create information that has changed their lives. Excitement in its schools for ConnectTEN is thrilling. It motivates poor students; enlivens teachers who have gotten "burned out;" and it offers resources of the world's best libraries and museums to all of its children.

33. The next steps require improved functionality, reliability, and security to allow teachers to use the network for instructional purposes in the classroom. Fair and equitable treatment must be provided to all schools. The state believes the ENA proposal it selected meets those criteria. The Department's movement to an Internet Access Service should be approved and supported with full USF funding. The ISIS 2000 Objection should be denied.

Respectfully submitted,

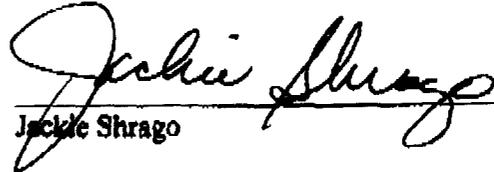

Jane Walters
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April 21, 1998
Attachments.

AFFIDAVIT

I, JACKIE SHRAGO, the undersigned, do hereby declare under penalty of perjury that the facts contained in the foregoing "Opposition" of the Tennessee Department of Education are true and correct to the best of my knowledge, information and belief informed after reasonable inquiry.


Jackie Shrago

Executed on this 20th day of April, 1998.

ATTACHMENTS

- A. Application of the Tennessee State Department of Education; Schools and Libraries Universal Service, Services Ordered and Certification Form, FCC Form 471, filed April 15, 1998.
- Contract between the State of Tennessee, Department of Education, and Education Networks of America, dated April 7, 1989, as Amended by Amendment No. 1 thereto, dated April 14, 1989. (FA-99-12803-00).
- B. Letter from the Commissioner of the Tennessee State Department of Education to Paul C. Ney, Jr., Esquire, Counsel to ISIS 2000, denying the ISIS 2000 Protest of the State's Notice of Intent to Award contract to ENA, dated April 2, 1998 and enclosing detailed Report of RFP 97-2 decision.
- C. Presentation of the Tennessee State Department of Education to the State's Review Committee for RFP-97-2, dated April 6, 1998.
- D. Submission of ENA to the Commissioner of Education , dated March 31, 1998, responding to the Protest of ISIS 2000 of RFP-97-2.
- E. Tennessee Regulatory Authority Directors' Conference transcript, dated February 3, 1998, Volume III. Also, TRA Order establishing intrastate discounts for schools and libraries, dated October 21, 1997 in TRA Docket No. 97-00888.

CERTIFICATE OF SERVICE

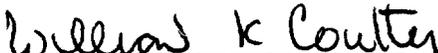
I hereby certify that on this 21th day of April, 1998, a true and correct copy of the foregoing Objection was mailed, by first class mail, to the following parties:

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William K. Coulter, Counsel
for Tennessee State Department of Education

* Served by hand.

FCC Form
471

Approval by OMB
3060-0806

Schools and Libraries Universal Service Services Ordered and Certification Form

Estimated Average Burden Hours Per Response: 6 hours

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

Please read instructions before completing. (To be completed by each Billed Entity)

Block 1: Applicant Address and Identifications (School, library, or consortium desiring Universal Services funding.)				
1. Name of Applicant (Billed Entity) Tennessee State Department of Education		2. Funding Year 1998		
3a. NCES School Code (if individual school) or NCES Library Code (if individual library)		470000000000		
3b. 471 Application Number (Administrator will insert this)		3c. Billed Entity Number		
4a. Type of Applicant (Check only one box)				
<input type="checkbox"/> school <input type="checkbox"/> school district <input type="checkbox"/> library or library consortium under the LSTA <input checked="" type="checkbox"/> consortium of multiple entities				
4b. If applicant is a consortium, check all other boxes that apply:				
<input type="checkbox"/> includes non-governmental entities ineligible for support <input type="checkbox"/> region of a state <input checked="" type="checkbox"/> statewide <input type="checkbox"/> multi-state <input checked="" type="checkbox"/> state educational agency <input type="checkbox"/> local educational agency <input type="checkbox"/> educational service agency				
5. Applicant's Street Address, P.O. Box, or Route Number 710 James Robertson Parkway, 6th Floor				
City Nashville	State TN	Zip Code 37243-0381	Telephone Number 615-332-1229	E-mail Address shragoj@ten-nash.ten.k12.tn.us
6. Contact Person's Name Jacqueline B. Shrago				
Street Address, P.O. Box, or Route Number (if different from Item 5) 710 James Robertson Parkway, 6th Floor				
City Nashville	State TN	Zip Code 37243-0381		
Fill in all of the following (if available), and check the preferred mode of contact: Telephone 615-332-1229				
<input type="checkbox"/> FAX 615-532-4791 <input checked="" type="checkbox"/> E-mail shragoj@ten-nash.ten.k12.tn.us <input type="checkbox"/> Mail				

Block 2: Purpose of Request	
7. Purpose of Request: (Check all that apply, if any.)	
a. <input type="checkbox"/> Discount on contract(s) signed prior to a request being posted on the Administrator's website. Was an FCC Form 470 filed with regard to all the contract(s)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
b. <input checked="" type="checkbox"/> Discount on contract(s) signed after a request being posted on the Administrator's website.	
c. <input type="checkbox"/> Minor modifications or supplement to existing contract(s) for which a Form 471 was already filed 471 Application Number _____	

Block 3: Characteristics of Applicant and Applicant's Service Order (derived from FCC Form 470 Blocks 2 & 3)	
8a. Number of students 829,303	8b. Number of library patrons
9. Number of buildings to be served 1747	10. Number of rooms to be served 32094

Contact Person's Name Jacqueline B. Shrago and Phone Number: 615-532-1229

	Existing Services	Total Services After Order
11. Telecommunications Services		
a. Number of phones that have or require service (See instructions concerning extension phones and fax machines.)		
b. Number of computers that have or require services	50000	60000
c. Number of high bandwidth video conferencing links		
12. Internal Connections		
a. Number of buildings with at least some rooms connected		
b. Number of rooms connected		
c. Highest speed of connection		
13. Internet Access		
a. Number of dial up connections	0	0
b. Highest speed of such dial up connections	0	0
c. Number of direct connections	1747	1747
d. Highest speed of such direct connections	T1	T1

Block 4: Determining Discount Percentages

14. Fill in one line per school, library, or library consortium and calculate in the last line, an average discount rate for the billed entity. Attach additional pages if necessary. Note: If the applicant has already completed this chart for all of the same entities with data that is current, provide the "471 Application Number" (Item 3b), from that previous FCC Form 471 here:

(1) Name of Individual School or Library	(2) NCES Comparable Code for School or Library (Obtain from Administrator)	(3) Urban or Rural	(4) <i>For Schools:</i> Number of Students <i>For Libraries:</i> NCES Code of a School in its District	(5) <i>For Schools:</i> Number of Students Eligible for National School Lunch Program	(6) Discount Calculated from Discount Matrix	(7) Check if School or Library will use "Shared Services" listed in Item 15.
Anderson County High	470009001871	Urban	877	217	50%	<input checked="" type="checkbox"/>
Anderson Co Tech	470009000003	Urban	0	0	60%	<input checked="" type="checkbox"/>
Andersonville Elementary	470009000004	Urban	190	103	80%	<input checked="" type="checkbox"/>
Briceville Elementary	470009000005	Urban	139	115	90%	<input checked="" type="checkbox"/>
FOR SHARED SERVICES ORDERED BY BILLED ENTITY (attach worksheet of calculations)						