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Before the  
Federal Communications Commission  
Washington, DC 20554

DISPATCHED BY

In the Matter of	)	
	)	
Request for Review of the	)	
Decision of the	)	
Universal Service Administrator by	)	
	)	
Chatham County Schools	)	File No. SLD-84775
Pittsboro, North Carolina	)	
	)	
Federal-State Joint Board on	)	CC Docket No. 96-45 ✓
Universal Service	)	
	)	
Changes to the Board of Directors of the	)	CC Docket No. 97-21
National Exchange Carrier Association, Inc.	)	

ORDER

Adopted: December 20, 1999

Released: December 21, 1999

By the Common Carrier Bureau:

1. The Bureau has under consideration a Letter of Appeal filed by the Chatham County Schools of Pittsboro, North Carolina (Chatham) on April 19, 1999, seeking review of a decision issued by the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (Administrator). Chatham seeks review of SLD's denial of its application for discounts under the schools and libraries universal service support mechanism.<sup>1</sup> For the reasons set forth below, we grant the Letter of Appeal to the extent provided below.

2. Under the schools and libraries universal service support mechanism, eligible schools, libraries and consortia that include eligible schools and libraries, may apply for discounts for eligible telecommunications services, Internet access, and internal connections.<sup>2</sup> Applications for discounts under the schools and libraries support mechanism are generally subject to competitive bidding requirements, as set forth in the Commission's rules. Under these rules, however, certain existing contracts for eligible services signed prior to the first funding year are exempt from the competitive bidding requirements.<sup>3</sup>

<sup>1</sup> Section 54.719(c) of the Commission's rules provides that any person aggrieved by an action taken by a division of the Administrator may seek review from the Commission. 47 C.F.R. § 54.719(c).

<sup>2</sup> 47 C.F.R. §§ 54.502, 54.503.

<sup>3</sup> 47 C.F.R. § 54.511.

3. On May 30, 1997, Chatham signed a one year contract for Internet access, for which it subsequently sought discounts under the schools and libraries universal service support mechanism.<sup>4</sup> On June 1, 1998, this contract expired. On August 6, 1998, Chatham renewed its contract, without any interruption of services or payment.<sup>5</sup> By letter dated December 2, 1998, SLD informed Chatham that its discounts on the recurring services purchased under these contracts would be effective from January 1, 1998 through June 1, 1998 only.<sup>6</sup> By letter dated January 4, 1999, Chatham requested that SLD amend its funding commitment to reflect this contract extension.<sup>7</sup> In its Decision on Appeal, SLD denied Chatham's request. SLD explained that applicants are not permitted to extend contract dates or sign new contracts and receive discounts on those contracts without filing a new FCC Form 471 and thereby provide an opportunity for other service providers to bid on the discounted services.<sup>8</sup> In a letter to the Commission, dated April 15, 1999, Chatham appeals SLD's denial of discounts for services provided under Chatham's renewed contract.<sup>9</sup> Chatham asserts that, in light of the Commission's recent *Tenth Reconsideration Order*,<sup>10</sup> SLD's decision should be reversed.

4. In the *Tenth Reconsideration Order*, to account for changes in the funding year from a calendar to a fiscal year, the Commission amended its rules governing the exemption of pre-existing contracts from the competitive bidding requirements of the schools and libraries universal service support mechanism. Specifically, the Commission amended its rules to permit eligible schools, libraries and consortia that had filed, in the initial filing window for the 1998 funding year, applications for discounts under existing contracts otherwise terminating between April 15, 1998 and June 30, 1999, to extend or renew those contracts to a date no later than June 30, 1999.<sup>11</sup> Furthermore, the *Tenth Reconsideration Order* permitted applicants making such extensions to continue to receive discounts for services delivered from January 1, 1999 through June 30, 1999 under the extended contracts.<sup>12</sup> This change allowed applicants receiving discounts on services provided under pre-existing contracts terminating after the filing window

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<sup>4</sup> See Letter of Mark MacAllister, Chatham County Schools, to Office of the Secretary, FCC, dated April 15, 1999 (*Letter of Appeal*), at 1-2.

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

<sup>6</sup> See Letter of Schools and Libraries Division of the Universal Service Administrative Company to Mark MacAllister, Chatham County Schools, dated December 2, 1998 (*Funding Commitment Letter*).

<sup>7</sup> See Letter of Mark MacAllister, Chatham County Schools, to Schools and Libraries Division of the Universal Service Administrative Company, dated January 4, 1999.

<sup>8</sup> See Letter of Schools and Libraries Division of the Universal Service Administrative Company to Mark MacAllister, Chatham County Schools, dated March 23, 1999 (*Decision on Appeal*).

<sup>9</sup> See *Letter of Appeal*.

<sup>10</sup> *Federal-State Joint Board on Universal Service*, Tenth Order on Reconsideration, CC Docket 96-45, 14 FCC Rcd 5983 (1999) (*Tenth Reconsideration Order*).

<sup>11</sup> See *Tenth Reconsideration Order*, 14 FCC Rcd at 5989-91, paras. 12-15. See also 47 C.F.R. § 54.511(d)(1).

<sup>12</sup> See *Tenth Reconsideration Order*, 14 FCC Rcd at 5990-5991, para. 15 (stating that, "[i]n extending this exemption from our competitive bidding requirements, we make clear that additional discounts for these contracts will only be available for recurring services for the period January 1, 1999, through June 30, 1999.")

closed to continue to receive discounts on the services provided under those contracts from January 1, 1999 until the end of the first funding year on June 30, 1999, without having to rebid those services for this brief interim period.<sup>13</sup> In light of the changes adopted in the Commission's *Tenth Reconsideration Order*, Chatham may be eligible for discounts under its renewed contract for services delivered from January 1, 1999 through June 30, 1999. We, therefore, remand Chatham's application and direct SLD to issue a new funding commitment decision letter based on the originally submitted FCC Form 471 and any further consultations with the applicant that may be necessary.

5. ACCORDINGLY, IT IS ORDERED, pursuant to authority delegated under sections 0.91, 0.291, and 54.722(a) of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, and 54.722(a), that the Letter of Appeal filed by Chatham County Schools, Pittsboro, North Carolina, on April 19, 1999, IS GRANTED.

6. IT IS FURTHER ORDERED that the Administrator IS DIRECTED to implement the decision herein.

FEDERAL COMMUNICATIONS COMMISSION



Yog R. Varma  
Deputy Chief, Common Carrier Bureau

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<sup>13</sup> See *Tenth Reconsideration Order*, 14 FCC Rcd at 5989-91, paras. 12-15.