



SHEPHERD INDEPENDENT SCHOOL DISTRICT

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October 29, 2001

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Letter of Appeal
Federal Communications Commission
Office of the Secretary
445 12th Street, SW, Room TW-A325
Washington, DC 20554

RE: CC Docket Nos. 96-45 and 97-21
Form 471 Application # 258144
Funding Year 4: 07/01/2001 – 06/30/2002
Billed Entity Number: 141263
Shepherd Independent School District
J. Kevin Mathis
kmathis@esc6.net

To Whom It May Concern:

I am writing to you regarding the above referenced application. I would like to appeal the decision in the **Administrator's Decision on Appeal – Funding Year 2001-2002 dated October 3, 2001**. The portion I am appealing is located in the following section of the application:

Section 5
FRN #650204
Form 470 Application Number 319130000298283
SPIN #143014367
Service Provider Name: Education Service Center Region VI
Description of Service: DS-1 Line and Annual Support

The Administrator's Decision on Appeal is being appealed for the following reasons:

1. Upon submission of my application, the USAC changed my category of service from Internet access to Internal Connections. I applied for the discount of this service based on the description listed in the Eligible Services List, page 40. The DS-1 (Digital Signal 1) service description reads,

“DS-1, which stands for Digital Signal 1, is the North American Digital Hierarchy signaling standard for transmission at 1.544 Mbps. DS-1 supports 24 simultaneous DS-0 signals. The term DS-1 is often used interchangeable with T-1, although DS-1 signals may be exchanged over other transmission systems. DS-1 is an eligible Telecommunications Service. DS-1 can also be offered through an Internet service provider as a component of an Internet package used to provide access to the Internet. It is therefore eligible leased as Internet Access as well as Telecommunications Service.”

In the Administrator's Decision on Appeal, the explanation for the denial in full is since the Form 471 included 30% or more internal connections within the Block 5 request for priority one services, the Form 471 request was recategorized as a request for internal connections services. Form 471 was

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completed with the understanding that all costs that are associated with internet access would be categorized as Internet Access. The upgrade that was included in the request is part of our Internet Access that we has been funded for the past two years (Years 2 and 3). In addition, no where in the instructions or other materials I received did I read that if 30% or more internal connections services within a Block 5 request for priority one services the Form 471 request would be recategorized as a request for internal connections services. Then, the funding request was denied because the "funding cap will not provide <80% discount to be funded."

Therefore, I am appealing this decision based on the category of service as Internet Access. In accordance with FCC Order 99-216, the reclassification of routers, provided as a part of monthly Internet service, from Priority One Internet Access service to Priority Two Internal Connection service should not have occurred.

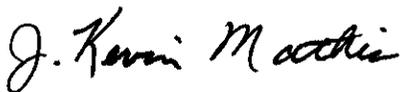
2. This service is being offered to us from our Education Service Center Region VI as Bundled Internet Access with value added features. The Internet Access supports all of our classroom connections as well as our library connections to the Internet. This is the same service we have used for the previous two years and have received e-rate discounts. The only difference is previously we applied for the discount on the Internet Access and Annual Support separately under two different categories of service, being Internet Access and Internal Connections respectively. I found that we were denied the Annual Support both years because we listed it in a category different from the Internet Access. I changed it this year to reflect the Annual Support is actually supporting the Internet Access. Now, the USAC has denied the entire Funding Request.
3. Attached (titled "The Bottom Line") is the breakdown of costs involved in this appeal. **Connectivity & Internet costs \$9,419.06**, which is \$784.92 monthly (recurring charge). This cost has been funded the previous two years. **Support & Maintenance costs \$6077.23**, paid all at once for the entire year (non-recurring charge). This cost has not been funded the last two years, but only because it was not applied for in the same category as the Internet Access. **Installation costs \$7,371.00**, paid all at once only this year. This is a cost for which we have not applied for in the past. All three totals in bold are a direct cost for our Internet access. **If all is not funded, surely the Connectivity & Internet and Support & Maintenance should be.**
4. Other school districts have applied for these same identical costs through the Education Service Center Region VI under Internet Access and have received them. Therefore, I believe we should be afforded the same benefit.

I have included additional documentation as follows:

1. Memorandum of Agreement
2. Internet Access Bundles Description sheet
3. Benefits of ATM Upgrade sheet
4. The Bottom Line... sheet (breakdown of costs)

Thank you in advance for your attention to this appeal. These costs are necessary services for our district and are accurate to my knowledge. In addition, these costs reflect the intent and purposes for e-rate discounts.

Sincerely,



J. Kevin Mathis
Business Manager
Shepherd ISD

January 16, 2001

MEMORANDUM OF AGREEMENT

FOR: CommNet Member Districts
FROM: Education Service Center, Region VI
SUBJECT: Future Access and Connectivity Information

This letter is to establish a Memorandum of Agreement regarding the switch of the CommNet Regional Network to a new Internet Service Provider and using new methods of connectivity. Changing to ATM connectivity is a complicated task involving school budget cycles, ESC VI budget cycles, school district calendars, E-rate funding year cycles, GSC billing practices, installation calendars, scheduled uses of the system for two way video courses, and the need for an immediate improvement in the system's capabilities for the good of the learner. The purpose of this memorandum is to identify anticipated costs for ESC FY 2001-2002; E-rate Y4 (July 1, 2001-June 30, 2002). The information contained here represents pricing that is as accurate as possible based on the current information available. It is understood that the prices will be finalized on the final contract.

Responsibilities of ESC VI.

ESC VI agrees to perform the following activities and provide the following resources in support of the CommNet Upgrade project:

1. Provide expertise and advice on the upgrade process.
2. Conduct all dealings with vendors and service providers (RFP, negotiations, project coordination and supervision, troubleshooting, etc.).
3. Install and configure new equipment both at ESC VI and in the member districts up to, and including, the gateway router (3800).
4. Continue management of the CommNet Regional network.
5. Work with districts to assure quality improvement through the upgrade.
6. Pay for member services in CommNet as a full, participating entity.

Responsibility of CommNet Member Districts.

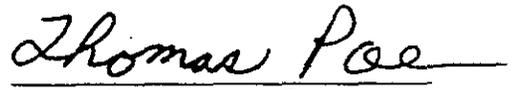
The member district agrees to perform the following activities and provide the following resources in support of the CommNet Upgrade project:

1. Work with ESC VI to coordinate any local installation and configuration.
2. Make ESC VI aware of any network-involved scheduling needs.
3. Work with ESC VI on testing upgrades.
4. Pay for member services in CommNet as a full, participating entity.

Specific pricing for Internet bundles is included on the attached form.



Date
Superintendent,  ISD



Date
Thomas Poe
Director, Education Service Center, Region VI

Internet Access Bundles

Bundle 1 (Member ~ Minimum) -- \$ 15,497

Includes:

- Monthly fee for T-1 circuit
- Internet access
- email services
- share of Regional Hub upgrade
- share of Regional Hub support and maintenance
- support and maintenance for connection, internet, webhosting and email

Bundle 2 (Upgrade Member ~ Minimum) -- \$ 22,868

Includes:

- Installation of T-1 circuit
- Necessary hardware (Cisco 3810 router)
- Monthly fee for T-1 circuit
- Internet access
- email services
- share of Regional Hub upgrade
- share of Regional Hub support and maintenance
- support and maintenance for connection, internet, webhosting and email

Bundle 3 (New Member ~ Minimum) -- \$ 28,085

Includes:

- Installation of T-1 circuit
- Necessary hardware (Cisco 3810 router)
- Monthly fee for T-1 circuit
- Internet access
- email services
- share of Regional Hub upgrade
- share of Regional Hub support and maintenance
- support and maintenance for connection, internet, webhosting and email

Bundle 3 (New/Upgrade Member ~ Level 2) -- (Price to be determined)

Includes:

- *Installation of T-1 circuit(s)
- Necessary hardware (Cisco 2620 router)
- *Monthly fee for T-1 circuit(s)
- Internet access
- email services
- share of Regional Hub upgrade
- share of Regional Hub support and maintenance
- support and maintenance for connection, internet, webhosting and email

Benefits of ATM Upgrade

- Increased bandwidth:
 - go from fractional T-1 to full T-1
 - video bandwidth available for data if no video signal being sent instead of going unused
- Increased Internet access: from 3MB to 10MB
- Districts anticipating need for more than one T-1 connection can buy router that will grow to DS3 incrementally, as needed

The Bottom Line...

| | Connectivity & Internet | Support & Maintenance | Installation | Annual Totals (Estimated) |
|--|----------------------------|--------------------------|--------------|------------------------------|
| District with no changes | \$ 9419.06 | \$ 6077.23 | | \$ 15,496.29 |
| District upgrading to full T-1 | \$ 9419.06 | \$ 6077.23 | \$ 7,371.00 | \$ 22,867.29 |
| District joining CommNet (full T-1) | \$ 9419.06 | \$ 6077.23 | \$ 12,588.00 | \$ 28,084.29 |