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September 9, 2003

Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, SW, TW-A325
Washington, DC 20554

Re: CC Dkts. 96-45 and 97-21

Dear Ms. Dortch,

On September 9, the undersigned of BellSouth, Jim Lambertson and Clint Odom of Verizon, and Mike Tan of SBC met with William Maher, Carol Matthey, Narda Jones, and Mark Seifert of the Wireline Competition Bureau. Stephanie Beavers (Verizon) and Gary Kissell (Qwest) participated via conference call.

The purpose of the meeting was to discuss e-rate competitive bidding issues raised by a number of Requests for Review before the Commission in the above named dockets. Material used during the meeting is attached.

This notice is being filed pursuant to Sec. 1.1206(b)(2) of the Commission's rules. If you have any questions regarding this filing please do not hesitate to contact me.

Sincerely,



Mary L. Henze

cc: W. Maher
C. Matthey
N. Jones
M. Seifert

E-rate Competitive Bidding Issues

1. Promoting competition in education technology marketplace is important goal of the e-rate program

- a) school and libraries get access to best technology at best prices
- b) price competition reduces program waste

2. FCC/SLD's current competitive bidding rules and procedures help achieve this goal

- a) complement state and local procurement rules; both must apply
- b) give all providers equal opportunity to compete
- c) provide applicants with more choice

3. Issues raised in Requests for Review that strike at heart of competitive bidding process.

- a) indicate SLD's denials were appropriate
- b) granting appeals would undermine value of e-rate competitive bidding

4. RFP or 470 that requests bids for "system integrators" does not meet program requirements or intent

- a) FCC Orders, form instructions, and program procedures clearly anticipate that 470/RFP will provide enough product and service detail so that any service provider has adequate information to determine whether it should respond to posting
 - overly general 470/RFP, late RFPs, or RFPs developed by service provider do not give all service providers fair opportunity to compete
 - request for "system integrator" gives SLD inadequate information to determine whether service provisioning meets program rules (i.e., is telecommunications being provided by an eligible provider; is "system integrator" building a private WAN?)

5. RFP or 470 that requests "not to exceed" pricing does not meet program requirements or intent

- a) Applicant is responsible for selecting most "cost-effective" bid
 - How can applicant or SLD assess cost effectiveness if pricing "not to exceed"?
- b) Form 471 requires applicants to provide detailed funding requests based on actual contract prices and estimated need for specific services
 - If price based on "not to exceed" applicant cannot have detailed pricing information necessary to complete 471 in manner that conveys true cost of project.
 - without detailed pricing information on 471, SLD cannot assess cost-effectiveness of service requests, resulting in overfunding.