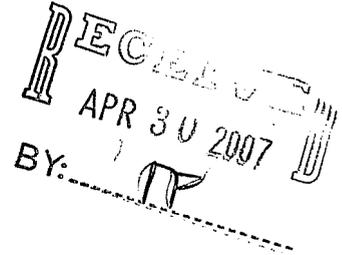




Administrator's Decision on Appeal – Funding Year 2006-2007

April 10, 2007

Chris A. Quintanilla
Youth Empowerment Services
1231 N. Broad Street, Floor 4
Philadelphia, PA 19122-4021



Re: Applicant Name: PROJECT REBUILD
Billed Entity Number: 16028781
Form 471 Application Number: 522892
Funding Request Number(s): 1439441
Your Correspondence Dated: March 10, 2007

After thorough review and investigation of all relevant facts, 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 Year 2006 Funding Commitment Decision Letter for the Application Number indicated above. This letter explains the basis of USAC's decision. The date of this letter begins the 60 day time period for appealing this decision to the Federal Communications Commission (FCC). If your Letter of Appeal included more than one Application Number, please note that you will receive a separate letter for each application.

Funding Request Number(s): 1439441
Decision on Appeal: **Denied**
Explanation:

- Upon review of the appeal and all relevant documentation, it has been determined that Project Rebuild's funding request for Internal Connections services has not been justified as cost effective as required by the Schools and Libraries Support Mechanism's rules and procedures. During review, it was determined the cost of the servers, on-site tech support, power supply shipping fees, and cost per drop were not cost effective. In particular, the cost for the cabling (\$233,860.00 per year) and cost per student (\$3,897.67) has been found to be not cost effective. It was also determined that the costs of the products and services in your funding request were significantly higher than the costs generally available in your marketplace for the same or similar products or services. There is no evidence that the reason for excessive costs were due to extenuating circumstances. FCC Rules state that, in selecting a service provider, the applicant must carefully

consider all bids submitted and must select the most cost-effective service or equipment offering, with price being the primary factor, which will result in being the most cost-effective means of meeting educational needs and the technology plan goals. You have not provided any documentation on appeal to demonstrate that USAC erred in its initial decision. Consequently, your appeal is denied.

FCC rules state that, in selecting a service provider, the applicant must carefully consider all bids submitted and must select the most cost-effective service or equipment offering, with price being the primary factor, which will result in being the most cost-effective means of meeting educational needs and the technology plan goals. See 47 C.F.R. secs. 54.511(a), 54.504(b)(2)(vii), 54.504(c)(1)(xi). See also Request for Review of the Decision of the Universal Service Administrator by Ysleta Independent School District, et al., CC Docket Nos. 96-45 and 97-21, Order, 18 FCC Rcd 26407, FCC 03-313, paras. 47-55 (Dec. 8, 2003) (Ysleta Order). Service providers shall not charge the entities a price above the lowest corresponding price. See 47 C.F.R. sec. 54.511 (b). In order to ensure that the applicants are not requesting discounts for services beyond their reasonable needs, USAC denies funding request(s) for not being cost-effective if the costs of the products and services in a funding request are significantly higher than the costs generally available in the applicant's marketplace for the same or similar products or services. For example, equipment at prices two or three times greater than the prices available from commercial vendors would not be cost effective, unless there were extenuating circumstances. See Ysleta Order para. 54.

If your appeal has been approved, but funding has been reduced or denied, you may appeal these decisions to either USAC or the FCC. For appeals that have been denied in full, partially approved, dismissed, or canceled, you may file an appeal with the FCC. You should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. Your appeal must be received or postmarked within 60 days of the date on this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554. Further information and options for filing an appeal directly with the FCC can be found in the "Appeals Procedure" posted in the Reference Area of the SLD section of the USAC website or by contacting the Client Service Bureau. We strongly recommend that you use the electronic filing options.

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

Schools and Libraries Division
Universal Service Administrative Company

cc: Cherie Cox

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Billed Entity Number: 16028781
Form 471 Application Number: 522892
Form 486 Application Number: