

January 3, 2012

To: Federal Communications Commission

FROM: Frontier TeleNet & North Central Education Service District

SUBJECT: CC Docket No. 02-6 Request for Review and Requests for Waiver:
FY 2007 ? 582655 FRN 1614849

This letter is a request from Frontier TeleNet and North Central Education Service District (Billing Entity Number 145108) for a Review and Waiver pursuant to the Findings in the USAC Notification of Commitment Adjustment Letter (hereafter "NCAL") dated November 9, 2011.

It was stated in the NCAL that "During an audit it was determined that the service provider hired the applicants employees, Scott Carter and Brad Beavers to serve as technical experts for the service provider." This is incorrect. Scott Carter terminated his employment with North Central Education Service District on March 15, 2005; therefore Mr. Carter was not employed by the Billed Entity at any time during the 2007 funding year or bidding process.

Brad Beavers terminated his employment with North Central Education Service District on June 29, 2007. Mr. Beavers was never employed by Frontier TeleNet. It was stated in the NCAL that Brad Beaver's work on Frontier TeleNet's equipment could be a conflict of interest because "the applicant should not have a relationship with the provider". Further, that such a relationship could compromise a fair and open competitive bidding process. As we have communicated in past correspondence; and in the Request for Review and Request for Waivers dated Dec 9, 2010 ? this is not applicable to the North Central ESD-Frontier TeleNet circumstances in question. While all USAC guidelines were addressed in the bid procurement process, North Central Education Service District received only one bid to provide the requested services. Therefore, it would be impossible for a conflict of interest to -1) be present in the Frontier TeleNet and North Central Education Service District relationship; or -2) compromise, or even affect - the competitive bidding process since there was only one respondent to the RFP.

Understanding why only one bid was received is central to the question and in fact to this entire discourse ? these broadband telecommunications services are provided across 3750 square miles of remote rural Oregon, where the population density is 1.25 persons per square mile. No private entity

could or can make a legitimate business case justifying the investment of several million dollars to build broadband infrastructure for the purpose of serving so few customers across such a large area. That's exactly why nearly ten years ago the North Central Education Service District and three frontier rural Oregon counties (Gilliam, Sherman and Wheeler) created a formal partnership by Intergovernmental Agreement; and under the authority of Oregon Revised Statutes Chapter 190 established the ORS 190 Entity called Frontier TeleNet. By aggregating limited resources, the Frontier TeleNet partnership deployed the infrastructure required to provide affordable broadband/internet access for 700 K-12 students in nine locations across this same 3750 square miles. Absent the services provided by Frontier TeleNet, these six districts, nine schools and 700 students would not have affordable broadband access.

North Central Education Service District has complied with all the other findings in the audit and all the other rules of USAC.

The real issue is not whether an apparent conflict of interest existed, which in this case it verifiably did not ? rather, it is whether or not due to local/regional circumstances such an apparent conflict of interest can be reasonably avoided. While this situation is regionally unique to the North Central ESD/Frontier TeleNet relationship, in the broader perspective it is unique to most remote rural regions in the United States ? where, due to their relative inaccessibility and limited resources, small public and private entities must create working partnerships ? and in so doing create a shared resource model that provides their schools, citizens and communities with affordable telecommunications services similar to those enjoyed in urban areas.

Public bodies in remote rural regions have in fact and function a fiduciary obligation to provide such essential infrastructure and services by whatever legal means are circumstantially feasible ? essential services as defined in contemporary America that would otherwise be simply unavailable and/or unaffordable in remote rural communities. And, though few individual public bodies in remote rural regions have the resources required to provide such essential services; collectively they are able to do so ? that's why Frontier TeleNet was created.

This is the only way we can provide quality, high speed broadband internet services to the schools in our unique demographical and geographical area. If a more detailed description of the unique, efficient, and productive working relationship between Frontier TeleNet and North Central Education Service District is advisable or desired, please refer to our Request for Review and Request for Waiver submitted to the Federal Communications Commission on December 9, 2010.

Sincerely,

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