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March 23, 2012

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VIA ELECTRONIC FILING

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Room TW-A325
Washington, DC 20554

ATT: Telecommunications Access Policy Division

Re: Petition for Reconsideration
Requests for Waiver and Review of Decisions of the Universal Service Administrator by Charlton County School System, Folkston, Georgia, *et al*., File Nos. SLD-658765, *et al*.; DA 12-260, CC Docket No. 02-6

Dear Ms. Dortch:

On behalf of Trillion Partners, Inc. ("Trillion"), enclosed please find a Petition for Reconsideration of the Telecommunications Access Policy Division's order, DA 12-260, released on February 23, 2012 denying the appeal of E-Rate applications filed by Charlton County School System.

Should you have any questions or concerns, please contact the undersigned.

Respectfully submitted,

/s/ Henry M. Rivera
Henry M. Rivera
Counsel to Trillion Partners, Inc.

Attachments

cc: Trent Harkrader
Gina Spade

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Requests for Review of	)	
Decisions of the	)	
Universal Service Administrator by	)	
	)	
Charlton County School System	)	File Nos. SLD-658765, *et al*.
Folkston, Georgia, *et al*.	)	
	)	
Schools and Libraries Universal Service	)	CC Docket No. 02-6
Support Mechanism	)	

PETITION FOR RECONSIDERATION

Trillion Partners, Inc. (hereinafter "Trillion"), through counsel and pursuant to Section 1.106 of the Federal Communications Commission's ("FCC" or "Commission") rules,[1] hereby petitions the Telecommunications Access Policy Division ("Division") of the Commission's Wireline Competition Bureau for reconsideration of the above-captioned Order denying appeals filed by Trillion of applications filed by Charlton County School System ("Charlton").[2]

I. Background

On September 28, 2010, the Universal Service Administrative Company ("USAC") issued a Funding Commitment Decision Letter ("FCDL") denying Charlton's

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[1] 47 C.F.R. § 1.106.

[2] *Requests for Waiver and Review of Decisions of the Universal Service Administrator by Charlton County School System, Folkston, Georgia, et al., File Nos. SLD-658765, et al.; Schools and Libraries Universal Service Support Mechanism, CC Docket No. 02-6*, DA 12-260, Order, 2012 FCC LEXIS 871 (Telecommunications Access Policy Division, rel. Feb. 23, 2012) ("*Order*").

E-Rate application for funding year 2010.[3] On September 29, 2010, USAC issued a FCDL denying Charlton's E-Rate application for funding year 2009.[4] The FCDLs indicate that the funding request for FY2010 was denied because Charlton "did not conduct a fair and open competitive bidding process," "engaged in numerous meetings, e-mail discussions, and/or verbal discussions with Trillion employees prior to the posting of the Form 470 and throughout the competitive bidding process," and "Trillion was consulted and/or offered details about services and products" requested on the Form 470. The FCDLs for FY2009 raise the same concerns as the FCDLs for FY2010 and, in addition, indicate that the District accepted "either gifts, meals, gratuities, or entertainment from the service provider, which resulted in a competitive process that was no longer fair and open…."

On November 17, 2010, Charlton filed with the Commission an appeal of USAC's decisions denying Charlton's applications for funding years 2009 and 2010.[5] On November 19, 2010, Trillion also filed appeals of USAC's decisions denying Charlton's applications for funding years 2009 and 2010.[6] On February 23, 2012, the

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[3] Funding Commitment Reports from USAC, Schools and Library Division (dated September 28, 2010) regarding FY 2010 FCC Form 471 application 742443, FRNs 2023430 and 2023445 (Attached as Exhibit A).

[4] Funding Commitment Reports from USAC, Schools and Library Division (dated September 29, 2010) regarding FY 2009 FCC Form 471 application 658765, FRNs 1842340 and 1842292 (Attached as Exhibit B).

[5] Letter from Sandra Slater, Ed.D, Director of Technology, Charlton County School System, to Federal Communications Commission, CC Docket No. 02-6 (dated Nov. 17, 2010) (regarding FCC Form 471 applications 658765 and 742443).

[6] Letters from Trillion Partners, Inc. to the Federal Communications Commission, Telecommunications Access Policy Division, CC Docket No. 02-6 (dated November 19, 2010). In addition, Trillion had previously filed with the Commission a Master Appeal addressing the denial of applications and rescission of funding commitments by USAC of many of Trillion's customers, including Charlton's. *See* Letter from Trillion Partners, Inc., to Federal Communications Commission, CC Docket No. 02-6 (filed Nov. 3, 2010).

Division issued a two-paragraph *Order* denying the appeals filed by Trillion.[7] As demonstrated below, the *Order* erred in concluding, without a review of Trillion's or Charlton's arguments and evidence, that there was a violation of the Commission's rules. Furthermore, the communications and meals at issue did not violate the Commission's rules.

II. The Bureau Fails to Provide a Reasoned Analysis for its Decision.

It is well established that "[a]n agency is required to make its decision 'based on a consideration of the relevant factors.'"[8] The *Order*, however, fails to explain why the appeals were denied. The *Order* merely states that, "Based on our review of the record, we find that petitioners violated the Commission's competitive bidding requirements" and that such denial is "consistent with precedent."[9] Other than this reference to the "record," there is no actual discussion of the record, the arguments and evidence presented by Trillion or Charlton, or why those arguments and evidence were found not to be persuasive. In addition, the facts in the cases cited by the Commission as precedent are inapposite to the facts in this case. Because the *Order* contains no discussion of the what actions by either Charlton or Trillion violated the competitive bidding requirements, the *Order* fails to articulate any connection, much less a rational connection, between the facts of this case and the conclusion that there was a violation of the Commission's rules.[10] Indeed, the courts have held that failure to respond to the arguments presented by

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[7] *Order*, ¶ 1.

[8] *Natural Res. Def. Council, Inc. v. EPA*, 790 F.2d 289, 297 (3d Cir. 1986) (quoting *Bowman Transp., Inc. v. Arkansas-Best Freight Sys., Inc.*, 419 U.S. 281, 285 (1974)).

[9] *Order*, ¶ 1.

[10] *See Latino Issues Forum v. EPA*, 558 F.3d 936, 941 (9th Cir. 2009) (stating that the general standard of review for agency actions set forth in the Administrative Procedure Act requires an agency to articulate a rational connection between the facts found and the choice made); *Friends of Yosemite Valley v.*

a petitioner or to provide a "reasoned analysis" of the factors it considered in making its decision renders an agency's decision arbitrary and capricious.[11] Given the lack of reasoned analysis in the *Order*, Trillion is at a loss to understand the denial of the appeals.

The precedent cited in the *Order* stands for the following principles: (i) there must be a fair and open competitive bidding process; (ii) all potential bidders must have access to the same information and be treated in the same manner throughout the procurement process; and (iii) service provider participation may suppress fair and open competitive bidding. Absent further guidance as to the reason for the denial, Trillion submits this petition demonstrating that the competitive bid process was open and fair and its integrity was unharmed by the allegedly impermissible participation by Trillion or by the meals paid for by Trillion.

III. Charlton Conducted a Fair and Open Competitive Bid Process.

The FCDLs failed to specify the facts upon which USAC relied in its decisions to deny the applications. Furthermore, as previously noted, the *Order* fails to specify the facts upon which it relied to uphold USAC's decisions. Therefore, Trillion can only assume that USAC's and the Commission's decisions were based on allegations raised in

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Kempthorne, 520 F.3d 1024, 1032 (9th Cir. 2008) ("[C]ourts must carefully review the record to ensure that agency decisions are founded on a reasoned evaluation of the relevant factors…") (citing *Friends of Yosemite Valley v. Norton*, 348 F.3d 789, 793 (9th Cir. 2003); *Environmental Def. Ctr., Inc. v. EPA*, 344 F.3d 832, 858 n.36 (9th Cir. 2003), *cert. denied*, 541 U.S. 1085 (2004) ("[t]he agency must articulate a rational connection between the facts found and the conclusions made.") (citation omitted).

[11] *Motor Vehicle Mfg. Ass'n v. State Farm Mut. Auto Ins. Co.*, 463 U.S. 29, 57 (1983); *see also id.* at 43, 50-51 (failure to respond to commenters' arguments renders agency decision arbitrary and capricious); *Darrell Andrews Trucking, Inc. v. Fed. Motor Carrier Safety Admin.*, 296 F.3d 1120, 1134-35 (D.C. Cir. 2002) ("substantial" argument "requires an answer from the agency"); *Iowa v. FCC*, 218 F.3d 756, 759 (D.C. Cir. 2000) ("[T]he Commission's failure to address [commenters'] arguments requires that [the Court] remand this matter for the Commission's further consideration."); *NAACP v. FCC*, 682 F.2d 993, 997-98 (D.C. Cir. 1982) (FCC must respond to "significant comments made in the . . . proceeding") (citing *Ala. Power Co. v. Costle*, 636 F.2d 323, 384-85 (D.C. Cir. 1979)).

a USAC letter to Charlton dated June 4, 2010 (hereinafter, the "Intent to Deny Letter"), attached hereto as Exhibit C, in which USAC indicated that the funding requested for FY 2009 and 2010 would be denied because Charlton did not conduct a fair and open bidding process.[12] This is simply not accurate.

Dr. Slater, Charlton's Director of Technology, was solely responsible for preparing and posting the school's Form 470 for funding year 2009. On October 29, 2008, Dr. Slater made a bona fide request for services by filing with USAC a FCC Form 470, which was posted to USAC's website for all potential competing service providers to review. After the Form 470 was posted, the school received only one bid - that of Trillion. Charlton carefully evaluated this bid, confirmed that the bid provided a cost-effective solution for the school, and waited the requisite 28-days before selecting Trillion as its vendor.

IV. The Alleged "Gifts" Did Not Violate the Commission's Rules.

USAC's denials of the applications for funding year 2009 indicate that the applications were denied because Charlton was "offered and accepted either gifts, meals, gratuities, or entertainment from the service provider, which resulted in a competitive process that was no longer fair and open…."[13] USAC's denial does not specify which gifts, meals, gratuities or entertainment were of concern to USAC. Therefore, Trillion can only assume that USAC's decisions were based on allegations raised in the Intent to Deny Letter. Specifically, the Intent to Deny Letter questions a meal attended by a Trillion employee and Dr. Slater on October 28, 2008, and also states: "Dr. Slater had

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[12] Letter from USAC, Schools and Libraries Division, to Sandy Slater, Charlton County School System, dated June 4, 2010 (regarding Application Numbers: 658765,742443) ("Charlton Appeal") (attached as Exhibit C).

[13] *See* Exhibit B.

several business lunches and dinners with Trillion Partner representatives prior to the competitive bidding process."[14] However, those meals did not violate the Commission's rules.

The meals were for insignificant amounts (the cost ranged from $5.40 to $36.44 per person) and took place over an eight-month period.[15] In addition, the meals were not received by employees with authority to bind Charlton to a contract or affect the competitive bidding decision. The only standard provided by USAC training materials regarding gifts was that applicants and service providers were to comply with state contract law and state and local procurement laws. In this case, Charlton followed all state procurement laws.[16] Furthermore, the meals took place in 2008 and early 2009, well before the Commission's gift rules became effective in January 2011. Consistent with the decision in *Dimmitt*, none of these meals influenced or compromised the bidding process.[17]

V. The Communications between Trillion and Charlton did not Violate the Competitive Bidding Process.

The Intent to Deny Letter reference meetings and emails between Charlton and Trillion employees in October 2008, prior to the posting of the Form 470. However, the communication between Trillion and Charlton prior to the posting of the Form 470 did not violate the competitive bid rules.

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[14] Intent to Deny Letter at 1-2.

[15] *See* Trillion Expense Summary (Attached as Exhibit D).

[16] *Charlton Appeal* at 1 (stating that "Charlton County has complied with the proper rules and regulations for the district").

[17] *Requests for Review of Decisions of the Universal Service Administrator by Dimmitt Independent School District, et al.*, DA 11-1854, Order, 26 FCC Rcd 15581 (Telecommunications Access Policy Division, rel. Nov. 4, 2011).

As explained in both Charlton's and Trillion's appeals, Trillion was Charlton's incumbent service provider and much of this communication pertained to their *existing* contract and whether certain upgrades to the system could be implemented under the *existing* contract. After clarifying that the system upgrades were not provided for in the existing contract, Charlton competitively bid the needed services and equipment, as required. The correspondence between Charlton and Trillion was entirely appropriate given their existing vendor-customer relationship. Moreover, the Commission has acknowledged that prior to the posting of the Form 470, "[a] service provider may provide information to an applicant about products or services – including demonstrations."[18] Charlton corresponded with Trillion as part of its investigation into what equipment and services were needed to upgrade the current system to meet the existing and future needs of Charlton students. An applicant has an obligation to "do their homework" to confirm that the equipment and services requested on the Form 470 will meet the goals of the applicant's technology plan and be an efficient use of the E-rate funds.[19]

The Intent to Deny letter does not reference any correspondence during the 28-day window; however, even if such correspondence existed, Commission's rules allow an applicant to communicate with service providers during the Form 470 Window. The Commission clarified in the *Sixth Report and Order* that, "we do not prohibit communication during the 28-day waiting period."[20] Nor does the *Order* indicate that

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[18] *Schools and Libraries Universal Service Support Mechanism; A National Broadband Plan for Our Future*, FCC 10-83, Notice of Proposed Rulemaking, 25 FCC Rcd 6872, ¶ 30 (2010).

[19] *Request for Review of the Decision of the Universal Service Administrator by Ysleta Independent School District, El Paso, Texas, et al*, FCC 03-313, Order, 18 FCC Rcd 26406, 26423 (2003) ("*Ysleta*").

[20] *Schools and Libraries Universal Service Support Mechanism; A National Broadband Plan for Our Future*, FCC 10-175, Sixth Report and Order, 25 FCC Rcd 18762, ¶ 92 (2010).

communication is inappropriate, providing that "potential bidders and service providers must have *access* to the same information and be treated in the same manner throughout the procurement process."[21]

VI. The Cases Cited in the *Order* do not Support a Denial of Funding.

The cases cited in the *Order*, while they stand for the proposition that the bidding process must be open and competitive, do not support a denial of funding in this case.

In *Mastermind*, the Commission found violations of its competitive bidding rules when: (i) an individual associated with a service provider was listed as the contact person on an applicant's Form 470; (ii) an applicant delegated power in the competitive bid process to an entity that was also participating in the bidding; and (iii) one service provider is provided with information or access not also afforded to other service providers participating in the bid process.[22] The *Dickenson* case, like the *Mastermind* case, also addressed a situation in which the applicant's Form 470 listed a contact person who was an employee of a service provider, which is not the case here.[23] Neither Trillion nor anyone associated with Trillion was listed as the contact person on Charlton's Form 470. Charlton maintained control of the competitive bid process, which it initiated after conducting its "homework" on the technology best suited to its unique needs.

In *Approach Learning*, the Commission found a connection between the contact person listed on the Form 470 and the service provider that ultimately won the contract.

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[21] *Order* ¶ 1, n. 1 (emphasis added), citing *Request for Review by Mastermind Internet Services, Inc., Federal-State Joint Board on Universal Service, Changes to the Board of Directors of the National Exchange Carrier Association, Inc*., FCC 00-167, Order, 16 FCC Rcd 4028, ¶ 10 (2000) ("*Mastermind*").

[22] *Mastermind*, 16 FCC Rcd 4028 (2000).

[23] *Request for Review of the Decision of the Universal Service Administrator by Dickenson County Public Schools, Clintwood, Virginia; Federal-State Joint Board on Universal Service*, DA 02-1971, Order on Reconsideration, 17 FCC Rcd 15747 (Telecommunications Access Policy Division, rel. Aug. 9, 2002).

The Commission believes "that the contact person exerts great influence over an applicant's competitive bidding process by controlling the dissemination of information regarding the services requested."[24] The contact and communication between Trillion and Charlton was permissible and did not violate the rules and regulations that govern the E-Rate program. No Trillion employee was listed as the contact person on Charlton's Form 470, nor did Trillion influence Charlton's competitive bidding process.

VII. Conclusion and Request for Relief

The Commission's two-paragraph *Order* denying the appeals filed by Trillion fails to provide any analysis for its decision. There is no discussion of the evidence and arguments presented by either Charlton or Trillion, which is contrary to the well-established principle that an agency is required to make its decision based on a consideration of the relevant factors. On the merits, the Commission's rules do not prohibit a service provider from communicating with an existing customer, nor do they prohibit a school district from engaging in due diligence to determine what their needs are and the options available to them.[25] The expenditures for the meals that concerned USAC complied with all state laws. Finally, the facts in the cases cited by the *Order* as precedent are inapposite to the facts in this case and, therefore, not instructive.

For the reasons set forth above, Trillion respectfully requests reconsideration of the Division's *Order* and a grant of the appeals of the USAC orders specified above.

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[24] *Requests for Review of the Decisions of the Universal Service Administrator by Approach Learning and Assessment Center, Santa Ana, CA, et al.*, DA 07-1332, Order, 22 FCC Rcd 5296, 5303, ¶ 19 (Wireline Competition Bureau 2007).

[25] The Commission has stated: "If a bidder cannot, because it lacks critical information, determine how to best serve the applicant's requirements, the bidder cannot prepare a cost-effective proposal, thereby failing to achieve the intended goals of the competitive bidding process." *Mastermind*, 16 FCC Rcd 4028, ¶ 10.

Respectfully submitted,

TRILLION PARTNERS, INC.

By: */s/ Henry M. Rivera*

Henry M. Rivera
Edgar Class
Joan Stewart
Wiley Rein LLP
1776 K Street, NW
Washington, DC 20006
Tel: (202) 719-7000

Its Attorneys

Dated: March 23, 2012

Exhibit A

Funding Commitment Reports from USAC, Schools and Library Division, dated Sept. 28, 2010 (regarding FY 2010 FCC Form 471 application 742443, FRNs 2023430 and 2023445)

FUNDING COMMITMENT REPORT
Service Provider Name: Trillion Partners, Inc
SPIN: 143025872
Funding Year: 2010

Name of Billed Entity: CHARLTON COUNTY SCHOOL SYSTEM
Billed Entity Address: 1259 THIRD. STREET
Billed Entity City: FOLKSTON
Billed Entity State: GA
Billed Entity Zip Code: 31537-3710
Billed Entity Number: 127480
Contact Person's Name: Dr. Sandy Slater
Preferred Mode of Contact: EMAIL
Contact Information: sslater@charlton.k12.ga.us
Form 471 Application Number: 742443
Funding Request Number: 2023430
Funding Status: Not Funded
Category of Service: Telecommunications Service
Form 470 Application Number: 757500000691055
Contract Number: N/A
Billing Account Number: N/A
Service Start Date: 07/01/2010
Contract Expiration Date: 06/30/2019
Number of Months Recurring Service Provided in Funding Year: 12
Annual Pre-Discount Amount for Eligible Recurring Charges: $136,728.00
Annual Pre-Discount Amount for Eligible Non-Recurring Charges: $.00
Pre-Discount Amount: $136,728.00
Applicant's Discount Percentage Approved by SLD: 90%
Funding Commitment Decision: $.00 - Bidding Violation- SRC
Funding Commitment Decision Explanation: The FRN will be denied because you did not conduct a fair and open competitive bidding process. The documentation provided by you and/or the service provider indicates that the school district engaged in numerous meetings, e-mail discussions, and/or verbal discussions with Trillion employees prior to the posting of the Form 470 and throughout the competitive bidding process which tainted the competitive bidding process. Trillion was consulted and/or offered details about services and products you were requesting on your FCC Form 470 and/or Request for Proposal (RFP). The competitive bidding process was influenced by Trillion when they assisted you in developing your services specifications for your FCC Form 470/or RFP. You failed to conduct a fair and open competitive bidding process free from conflicts of interest.

FCDL Date: 09/28/2010
Wave Number: 019
Last Allowable Date for Delivery and Installation for Non-Recurring Services: 09/30/2011

FUNDING COMMITMENT REPORT
Service Provider Name: Trillion Partners, Inc
SPIN: 143025872
Funding Year: 2010

Name of Billed Entity: CHARLTON COUNTY SCHOOL SYSTEM
Billed Entity Address: 1259 THIRD. STREET
Billed Entity City: FOLKSTON
Billed Entity State: GA
Billed Entity Zip Code: 31537-3710
Billed Entity Number: 127480
Contact Person's Name: Dr. Sandy Slater
Preferred Mode of Contact: EMAIL
Contact Information: sslater@charlton.k12.ga.us
Form 471 Application Number: 742443
Funding Request Number: 2023445
Funding Status: Not Funded
Category of Service: Telecommunications Service
Form 470 Application Number: 757500000691055
Contract Number: N/A
Billing Account Number: N/A
Service Start Date: 07/01/2010
Contract Expiration Date: 06/30/2019
Number of Months Recurring Service Provided in Funding Year: 12
Annual Pre-Discount Amount for Eligible Recurring Charges: $67,502.88
Annual Pre-Discount Amount for Eligible Non-Recurring Charges: $.00
Pre-Discount Amount: $67,502.88
Applicant's Discount Percentage Approved by SLD: 90%
Funding Commitment Decision: $.00 - Bidding Violation- SRC
Funding Commitment Decision Explanation: The FRN will be denied because you did not conduct a fair and open competitive bidding process. The documentation provided by you and/or the service provider indicates that the school district engaged in numerous meetings, e-mail discussions, and/or verbal discussions with Trillion employees prior to the posting of the Form 470 and throughout the competitive bidding process which tainted the competitive bidding process. Trillion was consulted and/or offered details about services and products you were requesting on your FCC Form 470 and/or Request for Proposal (RFP). The competitive bidding process was influenced by Trillion when they assisted you in developing your services specifications for your FCC Form 470/or RFP. You failed to conduct a fair and open competitive bidding process free from conflicts of interest.

FCDL Date: 09/28/2010
Wave Number: 019
Last Allowable Date for Delivery and Installation for Non-Recurring Services: 09/30/2011

Exhibit B

Funding Commitment Reports from USAC, Schools and Library Division, dated Sept. 29, 2010 (regarding FY 2009 FCC Form 471 application 658765, FRNs 1842340 and 1842292)

FUNDING COMMITMENT REPORT
Service Provider Name: Trillion Partners, Inc
SPIN: 143025872
Funding Year: 2009

Name of Billed Entity: CHARLTON COUNTY SCHOOL SYSTEM
Billed Entity Address: 500 S 3RD ST
Billed Entity City: FOLKSTON
Billed Entity State: GA
Billed Entity Zip Code: 31537-3710
Billed Entity Number: 127480
Contact Person's Name: Dr. Sandy Slater
Preferred Mode of Contact: EMAIL
Contact Information: sslater@charlton.k12.ga.us
Form 471 Application Number: 658765
Funding Request Number: 1842340
Funding Status: Not Funded
Category of Service: Telecommunications Service
Form 470 Application Number: 757500000691055
Contract Number: N/A
Billing Account Number: N/A
Service Start Date: 07/01/2009
Contract Expiration Date: 06/30/2019
Number of Months Recurring Service Provided in Funding Year: 12
Annual Pre-Discount Amount for Eligible Recurring Charges: $67,502.88
Annual Pre-Discount Amount for Eligible Non-Recurring Charges: $.00
Pre-Discount Amount: $67,502.88
Applicant's Discount Percentage Approved by SLD: 90%
Funding Commitment Decision: $.00 - Bidding Violation- SRC
Funding Commitment Decision Explanation: DR1: The FRN will be denied because you did not conduct a fair and open competitive bidding process. The documentation provided by you and/or the service provider indicates that the school district engaged in numerous meetings, e-mail discussions, and/or verbal discussions with Trillion employees prior to the posting of the Form 470 and throughout the competitive bidding process which tainted the competitive bidding process. Trillion was consulted and/or offered details about services and products you were requesting on your FCC Form 470 and/or Request for Proposal (RFP). The competitive bidding process was influenced by Trillion when they assisted you in developing your services specifications for your FCC Form 470/or RFP. You failed to conduct a fair and open competitive bidding process free from conflicts of interest. <><><><><> DR2: This FRN is denied because the documents provided by you and/or your vendor indicates that there was not a fair and open competitive bid process free from conflicts of interest. The documentation provided by you and/or your service provider indicates that prior to/throughout your contractual relationship with the service provider listed on the FRN, that you were offered and accepted either gifts, meals, gratuities, or entertainment from the service provider, WHICH resulted in a competitive process that was no longer fair and open and therefore funding is denied.

FCDL Date: 09/29/2010
Wave Number: 068
Last Allowable Date for Delivery and Installation for Non-Recurring Services: 09/30/2011

FUNDING COMMITMENT REPORT
Service Provider Name: Trillion Partners, Inc
SPIN: 143025872
Funding Year: 2009

Name of Billed Entity: CHARLTON COUNTY SCHOOL SYSTEM
Billed Entity Address: 500 S 3RD ST
Billed Entity City: FOLKSTON
Billed Entity State: GA
Billed Entity Zip Code: 31537-3710
Billed Entity Number: 127480
Contact Person's Name: Dr. Sandy Slater
Preferred Mode of Contact: EMAIL
Contact Information: sslater@charlton.k12.ga.us
Form 471 Application Number: 658765
Funding Request Number: 1842292
Funding Status: Not Funded
Category of Service: Telecommunications Service
Form 470 Application Number: 757500000691055
Contract Number: N/A
Billing Account Number: N/A
Service Start Date: 07/10/2009
Contract Expiration Date: 06/30/2019
Number of Months Recurring Service Provided in Funding Year: 12
Annual Pre-Discount Amount for Eligible Recurring Charges: $136,728.00
Annual Pre-Discount Amount for Eligible Non-Recurring Charges: $.00
Pre-Discount Amount: $136,728.00
Applicant's Discount Percentage Approved by SLD: 90%
Funding Commitment Decision: $.00 - Bidding Violation- SRC
Funding Commitment Decision Explanation: DR1: The FRN will be denied because you did not conduct a fair and open competitive bidding process. The documentation provided by you and/or the service provider indicates that the school district engaged in numerous meetings, e-mail discussions, and/or verbal discussions with Trillion employees prior to the posting of the Form 470 and throughout the competitive bidding process which tainted the competitive bidding process. Trillion was consulted and/or offered details about services and products you were requesting on your FCC Form 470 and/or Request for Proposal (RFP). The competitive bidding process was influenced by Trillion when they assisted you in developing your services specifications for your FCC Form 470/or RFP. You failed to conduct a fair and open competitive bidding process free from conflicts of interest. <><><><><> DR2: This FRN is denied because the documents provided by you and/or your vendor indicates that there was not a fair and open competitive bid process free from conflicts of interest. The documentation provided by you and/or your service provider indicates that prior to/throughout your contractual relationship with the service provider listed on the FRN, that you were offered and accepted either gifts, meals, gratuities, or entertainment from the service provider, WHICH resulted in a competitive process that was no longer fair and open and therefore funding is denied.

FCDL Date: 09/29/2010
Wave Number: 068
Last Allowable Date for Delivery and Installation for Non-Recurring Services: 09/30/2011

Exhibit C

Intent to Deny Letter from USAC, Schools and Libraries Division, to Sandy Slater, Charlton County School System, dated June 4, 2010 (regarding FY 2009 FCC Form 471 application 658765, FRNs 1842292 and 1842340, and FY 2010 FCC Form 471 application 742443, FRNs 2023430 and 2023445)

Date: June 4, 2010

Dr. Sandy Slater
Charlton County School System
Application Number(s): 658765,742443

Response Due Date: June 21, 2010

We are in the process of reviewing Funding Year 2009, and 2010 Form(s) 471 to ensure that they are in compliance with the rules of the Universal Service program. FY 2009 application 658765 FRNs 1842292 and 1842340 and FY 2010 application 742443 FRN 2023430 and 2023445 will be denied for the following reasons:

1. Based on the documentation provided by Trillion Partners, Charlton County School System did not conduct an open and fair competitive bidding process. The competitive bidding process must be fair and open. "Fair" means that all bidders are treated the same and that no bidder has advance knowledge of the project information. The applicant should not have a relationship with a service provider prior to the competitive bidding that would unfairly influence the outcome of a competition or would furnish the service provider with "inside" information or allow it to unfairly compete in any way. "Open" means there are no secrets in the process – such as information shared with one bidder but not with others – and that all bidders know what is required of them. In an email dated October 27, 2008, Dr. Slater sent a draft copy of the Form 470 (75750000691055) to Ms. Jennifer Carter, Trillion Partners, to review to ensure that Charlton County School System was requesting the services Trillion Partners provides. Dr. Slater writes, "Look this over and make sure I have this correct, thanks." Ms. Carter responded, "Looks fine, Sandy." (see enclosed email subject: Re: *470 Erate* dated October 27, 2008) On October 28, 2008, Mr. Chuck Browning, Trillion Partners, sent Dr. Slater an email thanking her for the opportunity to present Trillion's upgrade proposal on Wednesday (October 22, 2008). Dr. Slater responded to the email, advising Mr. Browning to prepare his pricing and that she would be posting the Form 470 that same day. (see enclosed email subject: Charlton CSD Visit dated October 28, 2008). The Form 470 (75750000691055) was later posted to USAC's website October 29, 2008. Further you sent an email to Ms. Cater and Mr. Chuck Browning on October 31, 2008, stating "I am not suppose to even talk to you all until I have filed the 470 form. I know what I am suppose to do and it is done. …" (see enclosed email subject: *Erate* dated October 31, 2008). The competitive bid process was no longer fair nor open when Charlton County School System provided Trillion Partners an advance review of the Form 470. In addition, when Dr. Slater accepted Mr. Browning proposal and advised him to prepare pricing in anticipation of the Form 470 posting. If you disagree with our determinations, and you have alternative information, please provide the supporting documentation.

2. Based on the documentation that you have provided, the entire FRNs will be denied because you did not conduct a fair and open competitive bid process free from conflicts of interest. On October 28, 2008, Mr. Chuck Browning, Trillion Partners, sent Dr. Slater an email thanking her for the opportunity to present Trillion's upgrade proposal on Wednesday (October 22, 2008). (see enclosed email subject: Charlton CSD Visit dated October 28, 2008). Mr. Browning had lunch with Dr. Slater on that day. Dr. Slater had several business lunches and dinners with Trillion Partner representatives prior to the competitive bidding process. (see enclosed Expense Summary). The documentation Trillion Partners provided indicates that you were offered and accepted meals immediately prior to and/or during the process you conducted to select a service to provide these goods and services from the service provider you selected. These meals show

that you engaged in non-competitive bidding practices in violation of program rules. For additional guidance regarding the competitive bidding process, please refer to the USAC website at: http://www.usac.org/sl/applicants/step03/run-open-fair-competition.aspx.

If the entire FRNs should not be denied and you have alternative information, please provide the supporting documentation.

You have 15 days to respond to this request. Your response is due by the close of business June 21, 2010. Please reply via e-mail or fax. Please provide complete responses and documentation to the questions listed above. It is important that you provide complete responses to ensure the timely review of your applications. If you do not respond, or provide incomplete responses, your funding request(s) (FRNs) may be reduced or denied, or in the case of committed FRNs subjected to commitment adjustment.

If the applicant's authorized representative completed the information in this document, please attach a copy of the letter of agency or consulting agreement between the applicant and the consultant authorizing them to act on the school or library's behalf. If you receive assistance outside of your organization in responding to this request, please indicate this in your reply.

Should you wish to cancel your Form 471 application(s), or any of your individual funding requests, please clearly indicate in your response that it is your intention to cancel an application or funding request(s). Include in any cancellation request the Form 471 application number(s) and/or funding request number(s). The cancellation request should be signed and dated and including both the name and title of the authorized individual.

Thank you for your cooperation and continued support of the Universal Service Program.

Pina Portanova
USAC, Schools and Libraries Division
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Fax: 973-599-6552
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Exhibit D

Trillion Expense Summary

Expense Summary
D:\0.3 Customer Data\Data - Med Complexity\Charlton\58. Charlton - 2.4.09\Expense Summary.xls

Description	Customer	Status	Date	Gross Receipt Amount	Customer Attendees	$ per Cust. Attendee	Total $ to Customer	Customer State	Contract Ref #	State Compliance	Notes	Attendees
Business Lunch with Customer	CHARLTON COUNTY SCHOOL SYSTEM	Existing Customer	5/20/2008	$62.90	2	$17.30	$34.60	GA	58	Yes		Sandy Slater & Wendy Marshall
Business Dinner with Customer	CHARLTON COUNTY SCHOOL SYSTEM	Existing Customer	7/26/2008	$45.07	1	$22.54	$22.54	GA	58	Yes		Sandy Slater
Business Dinner with Customer	CHARLTON COUNTY SCHOOL SYSTEM	Existing Customer	8/6/2008	$109.33	1	$36.44	$36.44	GA	58	Yes		Sandy Slater
Business Lunch with Customer	CHARLTON COUNTY SCHOOL SYSTEM	Existing Customer	8/7/2008	$16.21	1	$5.40	$5.40	GA	58	Yes		Sandy Slater
Business Lunch with Customer	CHARLTON COUNTY SCHOOL SYSTEM	Existing Customer	10/22/2008	$16.85	1	$5.62	$5.62	GA	58	Yes		Sandy Slater
Business Lunch with Customer	CHARLTON COUNTY SCHOOL SYSTEM	Existing Customer	1/7/2009	$113.34	1	$32.78	$32.78	GA	58	Yes		Sandy Slater