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March 26, 2013

VIA ECFS

Marlene H. Dortch  
Office of the Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, D. C. 20554

**Re: Request for Review by Net56, Inc. of Decision of the Universal Service  
Administrator, CC Docket No. 02-6**

Dear Ms. Dortch:

I recently communicated with Kimberly Scardino, Acting Chief of the Telecommunications Access Policy Division of the Wireline Competition Bureau, in support of the above-referenced appeal by Net56, Inc.

I emphasized, as stated in prior submissions in this appeal, that the only material distinguishing fact in this appeal from the appeals recently granted by the Commission is that the district did not post a new Form 470 for the funding year, and that it did not do so because it believed that the parties were operating under a voluntary extension of their 2008 contract. While competitive bidding is of course a central tenet of the e-rate program, the sole issue here is arguably-imperfect paperwork, and not competitive bidding, since the Commission's rules do permit a district to extend a valid e-rate contract for another year without a new Form 470 bid process. The district did indicate that it was seeking voluntary extension option in its 2008 Form 470, and the parties did sign a continuation agreement in 2009. That 2008 contract was entered after a Form 470 bid process that complied with Commission rules.

I also urged the Commission to consider the injustice of denying all funding to a small e-rate provider for the entire funding year on the basis of an error that could have been corrected with better paperwork. If the Commission denies 2009 funding, 2010 will likely be lost as well since the district again extended the contract rather than post a new Form 470. Even if these appeals are granted, Net56 has already irreparably suffered hundreds of thousands of dollars in damages from late fees, interest, IRS penalties, and legal fees as a result of USAC's denial of all funding for all of the districts that it served in 2008 and 2009. The Commission has now reversed most of those denials, but even though it vindicated Net56's practices it cannot undo much of the damage that was caused by years of deprivation of revenue.

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It would be excessively harsh to deny two full years of funding for all services in this case, given that denial clearly could have been avoided through a few extra words in the contract that could have clarified that the parties intended to do what they in fact did do. And it would be even more harsh to do this to a small business that already suffered tremendous losses in any event from USAC's other funding denials that the Commission since determined to be incorrect.

Thank you for your consideration of this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "P. Hudson", written in a cursive style.

Paul B. Hudson  
Counsel to Net56, Inc.

cc: Kim Scardino  
Lisa Hone