

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554**

In the Matter of	)	
	)	
Modernizing the E-rate Program	)	WC Docket No. 13-184
For Schools and Libraries	)	

**COMMENTS  
OF  
SPRINT CORPORATION**

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September 16, 2013

## Table of Contents

I.	INTRODUCTION AND SUMMARY .....	1
II.	ANY NEW E-RATE RULES SHOULD CONTINUE TO PROMOTE COMPETITIVE AND TECHNOLOGICAL NEUTRALITY .....	2
III.	THE E-RATE PROGRAM SHOULD SUPPORT WIRELESS BROADBAND SERVICE, BOTH ON AND OFF CAMPUS .....	6
	A. On-Campus Wireless Broadband Connections .....	8
	B. Off-Campus Mobile Learning .....	9
IV.	STREAMLINING ADMINISTRATION OF THE E-RATE PROGRAM ..	12
	A. BEAR Disbursements Should Be Paid Directly To the School or Library .....	12
	B. The Commission Should Not Adopt Onerous Reporting, Data Collection, and Certification Requirements .....	13
	C. Lowest Corresponding Price Requirements Must Be Clarified .....	14
	D. The Commission Should Not Adopt New “Transparency in Pricing” Rules .....	15
	E. Phasing Down Support for Certain Services .....	16
	F. Review of Multi-Year Contracts .....	18
V.	CONCLUSION .....	19



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**COMMENTS OF SPRINT CORPORATION**

Sprint Corporation (“Sprint”) hereby respectfully submits its comments in response to the Notice of Proposed Rulemaking (“NPRM”) released on July 23, 2013 (FCC 13-100) in the above-captioned proceeding. In this proceeding, the Commission seeks comment on how to improve the E-rate program. It is soliciting input on a broad array of topics with the goals of providing high-capacity broadband connections to schools and libraries to support digital learning; maximizing the cost-effectiveness of E-rate funds; and streamlining the administration of the E-rate program.<sup>1</sup>

**I. INTRODUCTION AND SUMMARY.**

Sprint applauds the Commission’s efforts to modernize and improve the E-rate program, and comments below on several issues which will help the E-rate program better meet the goals enunciated above:

- Technological neutrality – Competitive and technological neutrality has long been a cornerstone principle for the E-rate and other universal service programs, and any new rules adopted in the instant NPRM should continue to promote this basic principle;
- Wireless broadband technology – use of wireless broadband technology should be encouraged, both in schools and libraries and, in limited circumstances, off-grounds, when used for legitimate educational purposes by students who lack broadband access at home;

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<sup>1</sup> NPRM, para. 12.

- Administrative efficiency – the Commission should adopt rules that make administration of the E-rate program more efficient and fair, including eliminating service providers as the “middleman” in the funding disbursement process; phasing in any new rules and grandfathering multi-year contracts under existing rules; and clarifying “lowest corresponding price” requirements. The Commission should avoid adopting onerous reporting, data collection, and certification requirements, as well as new “transparency in pricing” rules.

## **II. ANY NEW E-RATE RULES SHOULD CONTINUE TO PROMOTE COMPETITIVE AND TECHNOLOGICAL NEUTRALITY.**

The Commission and the Courts have long embraced competitive and technological neutrality as a guiding principle of universal service. As the Commission stated in adopting competitive neutrality as an “additional principle” under 47 U.S.C. § 254(b)(7):<sup>2</sup>

Universal service support mechanisms and rules should be competitively neutral. In this context, competitive neutrality means that universal service support mechanisms and rules neither unfairly advantage nor disadvantage one provider over another, and neither unfairly favor nor disfavor one technology over another.

...[E]xplicit recognition of competitive neutrality in the...distribution of funds and determination of eligibility in universal service support mechanisms is consistent with congressional intent and necessary to promote “a pro-competitive, de-regulatory national policy framework.”

Since that time, the Commission has consistently and firmly reiterated the importance of competitive and technological neutrality in the context of universal service. For example, it unambiguously reiterated over a decade ago that “wireline and wireless telecommunications services are equally eligible under our current [E-rate] rules.”<sup>3</sup> The National Broadband Plan emphasized that “[t]he eligibility criteria for obtaining support from CAF should be company- and technology-agnostic so long as the service provided

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<sup>2</sup> *Federal-State Joint Board on Universal Service First Report and Order*, 12 FCC Rcd 8776, 8801-8802 (paras. 47-48, footnotes omitted) (1997).

<sup>3</sup> *Schools and Libraries Universal Service Support Mechanism, Second Report and Order*, 18 FCC Rcd 9202, para. 26 (2003).

meets the specifications set by the FCC.”<sup>4</sup> And in the *ICC/USF Transformation Order*, the Commission defined services supported by USF in such a way as to “to promote technological neutrality.”<sup>5</sup>

The Fifth Circuit Court of Appeals has affirmed the relevance of the competitive and technological neutrality principle, stating that the universal service program “must treat all market participants equally.... [T]his principle is made necessary not only by the economic realities of competitive markets but also by statute.”<sup>6</sup>

The principle of competitive and technological neutrality remains as key and as relevant today as it ever was, and the Commission must scrupulously apply it as it considers changes to the E-rate program in the instant proceeding. The Commission must avoid adopting any rules which tilt the playing field in favor of a particular technology or particular category of service provider, or which strongly encourage (even force) schools and libraries to deploy a pre-determined technology.

E-rate is not and should not be a one-size-fits-all program. A network configuration that is highly efficient and which makes sense for one large urban school or school district may be inappropriate for a different large urban school, for a large rural school, or for a small school. Furthermore, over time, technological innovations will occur which can change the relative economics and network performance of various network solutions; for example, wireless “LTE Generation 5.0” may prove to be the equal of various wireline broadband solutions in terms of speed, while continuing to offer the unmatched benefits of mobility. Thus, it is critical that any new E-rate rules adopted

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<sup>4</sup> *Connecting America: The National Broadband Plan* (released March 16, 2010), p. 145.

<sup>5</sup> *Connect America Fund, et al.*, 26 FCC Rcd 17665, para. 78 (2011).

<sup>6</sup> *Alenco Communications, Inc. v. FCC*, 201 F.3d 608, 622 (5<sup>th</sup> Cir. 2000).

by the Commission “give schools flexibility to select the best technology that meets their needs” (NPRM, para. 77), both current and future.

While the NPRM includes language acknowledging the importance of technological neutrality,<sup>7</sup> it also veers dangerously in the opposite direction, suggesting that fiber might be the “most cost effective and future-proof way to deliver high-capacity broadband” to schools and libraries (*id.*, para. 67); that the Commission might “prioritize fiber connectivity over other types of broadband connectivity” (*id.*, para. 77); and asserting that cellular data plans and air cards “are costly and can be provided more efficiently on-campus via an E-rate supported local area (LAN) network” (*id.*, para. 102).

The Commission should abandon any presumption that fiber (or any other) technology is the best broadband arrangement for all E-rate applicants, and refrain from granting any sort of preferential treatment to fiber over other technologies. A neutral analysis of “the most effective technological architectures that schools and libraries are likely to use for connectivity” (*id.*, para. 67) will almost certainly reveal that the “most effective” broadband connection will vary by customer, depending upon a variety of factors, including but not limited to the customer’s size (the total number of end users, and whether they will be using broadband applications simultaneously, sporadically, or in smaller groups); what types of applications it will be using (*e.g.*, streaming video being simultaneously accessed by many end users vs. e-mail exchanges between individual teachers and students); what type of devices are being used (*e.g.*, an iPad or tablet for each student vs. shared workstations in each classroom); and geographical and topographical considerations (*e.g.*, whether the physical location of the school or library

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<sup>7</sup> See, *e.g.*, NPRM, para. 77 (asking “[i]f we prioritize some funding for new high-capacity broadband deployment[,] should we be technology neutral...”).

is in a remote or challenging terrain; whether there is a fiber network in place nearby; whether expansion of access facilities requires digging up the streets in a densely populated area; whether severe weather is a factor). All of these factors affect the economics of different broadband configurations.<sup>8</sup> In some situations, it may well be the case that a fiber build is the most cost-effective solution. In other situations, a wireless solution (fixed wireless, microwave, new or upgraded cell tower, existing tower plus picocell or other small cell technology, etc.) will fully meet the customer's needs at a lower cost than new fiber deployment.

Schools and libraries should continue to have the flexibility to evaluate different options through the competitive bid process, and to select the solution which best meets their needs on a cost-effective basis, without a thumb on the scale in favor of fiber or any other technology. Such an unbiased evaluation will not be possible unless E-rate rules are competitively and technologically neutral. Consider, for example, a scenario in which E-rate rules give priority to fiber-based broadband arrangements, in terms of the timing of funding request decisions (fiber arrangements jump to the head of the line), the level of E-rate support given (more dollars available for fiber arrangements), or the amount of supporting documentation required (minimal technical or financial justification required for fiber arrangements). Under such conditions, a school or library will have a strong regulation-induced incentive to select the fiber option even if an

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<sup>8</sup> The Commission has asked whether it should “direct USAC to employ a team of technical experts who could assist applicants in planning and designing cost-effective networks” (NPRM, para. 200). The answer to this is no. USAC’s mission is to administer the E-rate and other USF programs. Planning and designing a cost-effective network goes well beyond program administration, and is an enormously complicated undertaking that would be an expensive drain on USAC’s resources.



alternative wireless solution is more flexible, offers additional valuable service capabilities, or, *ceteris paribus*, is less expensive.

The Commission should also avoid mandating an arbitrary national speed requirement,<sup>9</sup> for at least two reasons. First, as Commissioner Pai has stated:<sup>10</sup>

...different communities have different needs. To me, this means we shouldn't force schools to skew their spending decisions in order to help us meet an arbitrary national target.... So if a school wants to spend money connecting *all* of its classrooms to the Internet rather than ensuring that one particular classroom has a 1 Gbps connection, it should be able to make that investment. Faced with the choice between a one-dimensional national benchmark or local autonomy that benefits local students, I favor the latter.

Second, a speed requirement, particularly if used as the sole or predominant E-rate eligibility criterion, can effectively foreclose the use of certain technologies or may prove to be excessively costly. It may be that a wireline arrangement can provide very high upload or download speeds. However, that speed may come at a prohibitively high cost; a somewhat lower speed may still meet the needs of an E-rate applicant but at a more affordable price, or may come with additional valued benefits (such as mobility). E-rate applicants should have the flexibility to make the desired trade-offs to deploy a broadband connection solution that best meets their individual needs.

### **III. THE E-RATE PROGRAM SHOULD SUPPORT WIRELESS BROADBAND SERVICE, BOTH ON AND OFF CAMPUS.**

The Commission has asked for comment on whether it should “prioritize E-rate support to emphasize and accelerate high-capacity broadband connectivity to and within schools and libraries” (NPRM, para. 103), and whether it should “continue to increase the

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<sup>9</sup> See, e.g., NPRM, para. 7, describing the speed targets of the ConnectED initiative.

<sup>10</sup> Remarks of Commissioner Ajit Pai, *Connecting the American Classroom: A Student-Centered E-rate Program*, before the American Enterprise Institute, Washington, DC, July 16, 2013.

reach of E-rate supported services” including through off-premises use (*id.*, paras. 319, 321). Sprint supports both of these goals. The Commission must make it clear that broadband connectivity to and within schools and libraries can be achieved through multiple technologies, including wireless, and, consistent with the principle of competitive and technological neutrality, that E-rate rules allow each applicant to select the competitive alternative which best meets its needs. The Commission also should provide reasonable E-rate support for off-campus mobile broadband service for those students who would otherwise be without the broadband access needed to engage in critical educational activities. In Sprint’s view, it would be contrary to the public interest, and a significant reversal of long-standing E-rate policy, to promote wireline connectivity to and within schools and libraries to the exclusion of wireless solutions and mobile access.

Wireless service for both voice and Internet access has been a key component of the E-rate program for many years now, and there is every reason to believe that it will continue to be of enormous value to schools and libraries in the future. The E-rate program should continue to support wireless service, both on- and off-campus, when used for legitimate educational purposes. Wireless broadband technology for on-campus use can be both highly reliable and cost-effective, and mobile learning using digital content is the wave of the future. The E-rate program should not only continue to explicitly allow wireless broadband access on-campus; it also should support off-campus digital learning in certain circumstances.

## **A. On-Campus Wireless Broadband Connections**

Wireless broadband connectivity to and within schools and libraries is both technically feasible and financially viable for E-rate applicants. Wireless point-to-point connectivity can span many miles, and can be less costly and disruptive to install than fiber since it does not require the digging, trenching, and laying of wired lines. Deployment of small cell technology (*e.g.*, femtocells and picocells) can extend service coverage and/or increase network capacity in both rural and urban areas, without the need and expense of building a new cell tower. The quality and speed of wireless broadband connectivity also can be very high. For example, Sprint's K-12 Custom Network Solutions (CNS), which extends the Sprint macro data network into the school or library, provides high capacity (3G, 4G and LTE) wireless connectivity for in-building and across-the-campus coverage. K-12 CNS is provided at carrier-grade levels, engineered to meet stringent requirements for throughput, reliability and number of simultaneous connected users.

Sprint also offers managed WiFi service – integrated hardware, software, network transport and professional integration solutions which provide reliable, carrier-grade in-building coverage and capacity to schools and libraries of all sizes. Managed WiFi provides on-going project management and professional services to manage, maintain and repair the school/library's network; image, launch and manage mobile devices; track assets; provide data usage monitoring and alerts; implement on-line safety and filtering features to help ensure CIPA compliance; provide a single point of contact for replacing or repairing mobile devices; and provide single point of contact Help desk support for both technical issues and account inquiries. Managed WiFi service has proven to be

particularly valuable to schools and libraries that do not have the technical and administrative staff to perform such functions entirely in-house (an all-too-common budget reality). Especially after taking into consideration the savings associated with lower required headcount at a school or library, managed WiFi service can prove to be the most cost-effective solution available to an E-rate applicant, and it accordingly should be eligible for E-rate support.

### **B. Off-Campus Mobile Learning**

Like American society generally, schools and libraries are increasingly focusing on mobility and digital learning and research. There is no dispute that on-line learning outside school hours can be extremely valuable at improving student performance, academic and otherwise. Sprint and other parties have provided case studies demonstrating the benefits of off-campus mobile learning.<sup>11</sup> The National Broadband Plan (p. 239) similarly found that home use of portable learning devices and broadband technologies can help boost math and reading achievement, motivate students, and increase the relevance of content during school hours. The NBP accordingly included a strong recommendation that wireless connectivity to portable learning devices be funded, with “students and educators...allowed to take these devices off campus so they can continue learning outside school hours” (*id.*).

The Commission, recognizing that current E-rate rules “may prevent full utilization of the learning opportunities that portable wireless devices, such as digital textbooks, can provide off campus and outside of regular school hours,”<sup>12</sup> subsequently

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<sup>11</sup> See, e.g., Sprint’s comments on Broadband Needs in Education, NBP Public Notice #15, GN Docket No. 09-47, filed November 20, 2009.

<sup>12</sup> *Schools and Libraries Universal Service Support Mechanism, Sixth Report and Order*, 25 FCC Rcd 18762, 18783 (para. 41) (2010).

approved the E-rate Deployed Ubiquitously (EDU) 2011 Pilot Program, a “trial program to investigate the merits and challenges of wireless off-premises connectivity services....”<sup>13</sup> As stated in the *Digital Textbook Playbook*, “to accomplish truly ubiquitous digital learning, students must be able to connect outside the school walls.”<sup>14</sup> And only a few weeks ago, the LEAD Commission stated that “[w]ith digital textbooks, online lessons, learning games and peer networks, we can help students enjoy better lessons in school – *and at home, too*”<sup>15</sup> (emphasis added).

In the instant proceeding, the Commission should build on this record by updating E-rate rules to provide support for off-campus digital mobile learning, and eliminating the rule which requires applicants to cost-allocate the dollar amount of support for wireless Internet access use for the time that the device is not at the school or library and remove that amount from its E-rate funding request. While Sprint believes that all off-campus wireless Internet access service used for legitimate educational purposes by legitimate end users should be E-rate eligible, we recognize the potential financial burden such support could put on the E-rate fund at this time. Thus, Sprint recommends that, at a minimum, the E-rate program support such off-campus use for students and staff who lack broadband access while they are not on school grounds.

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<sup>13</sup> *Id.*, para. 44. As described on the FCC’s website, “Education doesn’t stop at the schoolyard gate or the library door. Digital textbooks and other mobile learning devices allow students to learn in a real-world context, inside the classroom and beyond. Because of their low cost and accessibility, these mobile devices can also help advance digital equity, particularly for children from economically disadvantaged communities.” See <http://www.broadband.gov/issues/education.html>.

<sup>14</sup> *Digital Textbook Playbook*, unveiled by FCC Chairman Genachowski and Secretary of Education Duncan at their Digital Learning Day Town Hall, March 29, 2012, p. 30.

<sup>15</sup> *Paving a Path Forward for Digital Learning in the United States*, presentation by LEAD Commission Co-Chairs Margaret Spellings and James Steyer, before the FCC, Open Commission Meeting July 19, 2013.

Under Sprint’s proposal, school administrators would be responsible for identifying which students or staff are eligible to participate in the E-rate supported off-campus Internet/broadband access service program, for providing the appropriate portable wireless device, and for ensuring that appropriate safeguards (*e.g.*, CIPA protections) are in place. Off-campus use would be channeled through the same filters and the same firewall that are used for in-classroom access, to ensure that access is limited to authorized sites and applications. Broadband service charges associated with such off-campus use would then be submitted to USAC for reimbursement under the E-rate program.<sup>16</sup> As with any other rule, compliance could be confirmed through audits and bolstered through customer certifications.

There are significant benefits associated with Sprint’s off-campus proposal. First and foremost, it helps to bridge the digital divide between students who have Internet and broadband access, and those who do not, enabling the latter to reap the benefits of “learning on the go” without the stress and inconvenience of finding a WiFi hotspot (such as a noisy coffee shop, or school/library with limited available hours) where they can do their homework and school projects. Second, it eliminates an administrative burden on applicants by eliminating the requirement to perform cost allocation for off-campus use. Third, it more accurately reflects a mobile, cut-the-cord society in which the wireline-centric concept of “eligible locations” is increasingly irrelevant.

Given these benefits, the Commission should update the E-rate program to allow support for off-campus broadband access as proposed above.

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<sup>16</sup> Alternatively, the Commission could consider a split billing option, under which parents pay for the off-campus use, but at the school’s discounted rate, with the school providing the device, firewall and filtering capabilities, etc.

#### **IV. STREAMLINING ADMINISTRATION OF THE E-RATE PROGRAM**

One of the goals of the instant NPRM is to streamline the administration of the E-rate program (para. 45). Sprint heartily endorses this goal, and discusses below several areas in which administration of the E-rate program can be improved: elimination of service providers as the conduit through which “BEAR” support payments to school and library applicants flow; clarification of the lowest corresponding price requirement; adoption of a reasonable phase-out period for services that will be removed from the eligible services list, and the grandfathering of multiyear contracts under existing rules; and performing full review of multi-year contracts a single time, for the funding year in which the contract begins. The Commission should decline to adopt onerous reporting, data collection, and certification requirements, as well as new “transparency in pricing” rules.

##### **A. BEAR Disbursements Should Be Paid Directly to the School or Library**

Currently, E-rate customers have the option of paying their service provider in full, and subsequently requesting their E-rate support amounts from USAC in the form of a reimbursement check (the so-called BEAR option). Under the BEAR option, the E-rate support payment flows through the service provider to the customer. The Commission has asked whether the service provider should be removed as the middleman in such transactions, with E-rate disbursements flowing directly from USAC to the school or library (NPRM, para. 259).

The Commission should adopt this proposal, and allow E-rate applicants to receive BEAR disbursements directly from USAC. This would simplify the reimbursement process; eliminate the possibility that the service provider does not pass

along the E-rate funds to the applicant; and will reduce the time it takes for the applicant to be reimbursed.<sup>17</sup> There would appear to be little if any incremental costs to USAC to implement direct BEAR disbursements to the applicant.

**B. The Commission Should Not Adopt Onerous Reporting, Data Collection, and Certification Requirements**

The Commission has asked for comment on the costs and benefits of new reporting, data collection, and certification requirements. As discussed briefly below, it should decline to adopt the following proposals, as their costs far outweigh any possible benefit:

**Document retention for losing bids:** The Commission has asked (NPRM, para. 297) whether it should require service providers to “keep records of all their communications relating to bids for . . . E-rate supported services.” It should not adopt this proposal as regards unsuccessful bids. If a service provider submits a bid which is not accepted, there is no purpose to requiring the service provider to retain documentation relating to that losing bid. (Document retention requirements associated with winning bids would of course continue to apply to the service provider.) Document retention involves a cost (potentially significant for a large service provider that responds to many E-rate RFPs), and if no useful purpose for retaining large volumes of information can be identified, the Commission should not impose such costs on service providers.

**Officer certifications for payment requests:** The Commission has asked (NPRM, para. 300) whether it should amend its rules to require that “an officer of the service provider sign certain forms submitted to USAC in support of an application for eligible services and any requests for payment” (Forms 472, 473 and 474). This proposal should be

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<sup>17</sup> Under current rules, the service provider must pass through BEAR payments to the applicant within 20 days of receipt of the funds from USAC.



rejected, as it would require officer signatures on potentially thousands of documents, the details of which the officer will have no direct knowledge (for example, it is highly unlikely that an officer of a corporation will know the details of a monthly invoice for a specific customer). Moreover, because a service provider does not submit an “application for eligible services,” it is not clear why the signature of an officer of a service provider would be necessary on that form.

It is unclear how the proposed officer certifications would reduce waste, fraud and abuse in the E-rate program. A service provider (or applicant) found to have engaged in waste, fraud and abuse is required to reimburse the E-rate program for any improperly disbursed funds, can be debarred from the program, and may even be subject to criminal prosecution. These penalties would seem to be severe enough to deter most waste, fraud and abuse (especially deliberate or egregious waste, fraud and abuse) without adoption of the proposed officer certifications.

**Measure compliance with the lowest corresponding price (“LCP”) rule:** The Commission has asked whether it should “measure compliance with the LCP rule” (NPRM, para. 39). As discussed in Section IV.C below, the Commission’s first action relating to the LCP rule should be to clarify its scope. But even after such clarification has been rendered, the Commission should not require service providers to demonstrate compliance without first proposing a specific reporting metric that has been subjected to public comment and review.

### **C. Lowest Corresponding Price Requirements Must Be Clarified**

As the Commission has noted, there is an outstanding petition for declaratory ruling filed by CTIA and US Telecom asking for clarification of the scope and meaning

of the Commission's lowest corresponding price ("LCP") rule (NPRM, fn. 62). Sprint urges the Commission to address this long-pending petition, and to clarify the aspects of the LCP obligation raised therein. Clarification will help to ensure that all industry participants are operating under the same rules, will assist USAC in properly interpreting the rule.<sup>18</sup>

**D. The Commission Should Not Adopt New "Transparency in Pricing" Rules**

The Commission has asked for comment "on making available the prices applicants are paying for E-rate supported services" (NPRM, para. 196). It is not clear why the Commission is considering this action, and Sprint urges caution in mandating the public filing of E-rate pricing information.

First, publicly available pricing information can be misused or misinterpreted if taken out of context, and public pricing information alone cannot be used to determine whether an E-rate applicant is getting the best possible price for the services it is requesting. Prices for E-rate services can legitimately vary from customer to customer depending on a number of factors, such as the length of the contract term (some service providers offer multiyear discounts), type and volume of services taken, the state in which the E-rate customer does business (the rates, terms and conditions of state master contracts, on which many E-rate contracts are based, do vary), and the mileage between the school or library and the switching facility. Unless customers are similarly situated,

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<sup>18</sup> For example, USAC has advised that service providers are required to offer schools and libraries their services at the lowest corresponding prices throughout their geographic service areas, which USAC defined as "the area in which a service provider is seeking to service customers with any of its E-rate services" (E-rate Program Compliance, training provided May 10, 2012 and May 15, 2012, p. 24). However, Sprint is unaware of any FCC rule or policy which defines the geographic area on a nationwide basis for LCP purposes, as is implied by the USAC guidance for national carriers, nor is this guidance clear as regards the relationship between LCP and state master contracts.

the price received by one customer may legitimately and reasonably differ from the price received by another customer.

Second, at least insofar as retail wireless and wireless Internet access services are concerned, the market is already vigorously competitive, and the public posting of E-rate price information is unlikely to increase the competitiveness of this market. Indeed, there is the risk that publicly posting rate information could have the opposite effect by facilitating price fixing or coordinated pricing.

Third, it would be inappropriate for the Commission or USAC to “operat[e], host[] or endors[e] websites or other ways of encouraging service providers to share pricing information with E-rate applicants, and facilitate price comparisons” (NPRM, para. 194). Neither the Commission nor USAC has the resources to ensure the accuracy or completeness of such comparisons. The more effective way of ensuring fair and reasonable pricing is through the competitive bid process. The Commission and USAC can best promote price and quality of service competition by enforcing existing E-rate competitive bidding rules.

#### **E. Phasing Down Support for Certain Services**

The Commission has asked whether existing E-rate support for certain services (paging, directory assistance, dial-up services, custom calling features, inside wiring maintenance plans, call blocking, toll-free number services, text messaging, email service, web hosting, cellular data plans, and air cards) should be phased down (NPRM, paras. 92-102). Sprint agrees that support for outdated services (paging, directory assistance, dial-up services, inside wiring maintenance plans) should be eliminated. The Commission also should phase out stand-alone support for services that are commonly

bundled into comprehensive service packages, as subscription to these individual services is unlikely to be cost-effective as compared to the bundled service package.<sup>19</sup>

Sprint does, however, take issue with the assumption that cellular data plans and air cards are not cost-effective and should not be eligible for E-rate support. The value and cost-effectiveness of the cellular data services become apparent when the mobile element is factored into the equation. Currently, certain mobile applications – such as Internet access on school buses being used for field trips and other educational purposes - - are E-rate eligible. The service (or the next generation of this service) will be even more valuable if, as recommended above, the Commission expands the E-rate program to include off-campus use by students and staff who lack broadband access at home.

Should the Commission decide to reduce support for certain services (other than those that are found to be obsolete), it should provide reasonable advance notice to applicants and service providers to avoid sticker shock. Any new rules adopted in this proceeding should apply to E-rate funding requests for the current funding year + 2, and multiyear contracts should be grandfathered under the old rules for the length of the contract, with a maximum contract length of 3 years.

For example, the industry today is in funding year 2013-14, and applicants have begun to post their Form 470 service requests for the 2014-15 funding year. If the Commission were to adopt new E-rate rules before the end of 2013, those rules should apply to the 2015-16 funding year (current year + 2), to give applicants sufficient time to prepare Form 470 requests that appropriately reflect the new rules. It would be unfair

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<sup>19</sup> For example, schools and libraries can subscribe to flat-rated mobile calling plans which offer substantial “buckets” of any time minutes, customer calling features, email, and text messaging.

and disruptive to implement the rule changes in the middle of the 2014-15 funding year cycle.

Moreover, multiyear contracts of up to three years should be grandfathered under existing rules (unless both applicant and service provider agree otherwise). E-rate applicants and service providers presumably enter into contracts with the good faith expectation that the rules in effect at the time the contracts were signed would remain in effect. A Commission decision to change eligibility rules mid-way through a multiyear contract – for example, by reducing or eliminating support for a service which receives full E-rate support under existing rules – could jeopardize an applicant’s ability to pay for the agreed-upon services.<sup>20</sup> Therefore, if the Commission adopts any E-rate eligibility rule changes in this proceeding, those new rules should not apply to any contracts which were signed prior to adoption of those new rules, for a maximum 3 year period.

#### **F. Review of Multi-Year Contracts**

The Commission has proposed to “allow E-rate applicants with multi-year contracts that are no more than three years in length to file a single FCC Form 471 application for the funding year in which the contract commences and go through the full review process just one time for each such multi-year contract,” absent any change in the contract (NPRM, para. 241). Sprint supports this proposal. Eliminating redundant reviews will speed the approval process in subsequent years, and ease the burden on both USAC and the applicant. Given the volume of service requests that USAC reviews every

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<sup>20</sup> Discontinuing (in year 2 or 3 of a 3-year contract) the provision of a service that no longer receives full E-rate support because the applicant can no longer afford such service will not eliminate the financial burden on a service provider, which may have offered heavily discounted rates in exchange for a 3-year contract.

year, even a relatively minor decrease in the number of required reviews should improve administration of the E-rate program.

## **V. CONCLUSION**

Sprint supports efforts to update and streamline the E-rate program. As discussed above, the Commission should ensure that any new rules adopted in this proceeding be technologically and competitively neutral; should encourage deployment of wireless broadband technologies, both in schools and libraries and off-campus, at a minimum when used for legitimate educational purposes by students who lack broadband access at home; and should adopt several rules which make administration of the E-rate program more efficient and fair, while rejecting other proposed reporting and certification requirements which are onerous or unnecessary.

Respectfully submitted,

### **SPRINT CORPORATION**

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