

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

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

REPLY COMMENTS OF FRONTIER COMMUNICATIONS CORPORATION

I. INTRODUCTION

Frontier Communications Corporation (“Frontier”) hereby submits the following reply comments in response to the Federal Communications Commission’s (“Commission” or “FCC”) *Notice of Proposed Rulemaking* on the E-rate program in this docket.¹ The *NPRM* asked many wide-ranging questions on the future direction of the E-rate program, both in terms of its goals and its administration. As an incumbent local exchange carrier (“ILEC”) serving 27 states, Frontier partners with many different schools and library E-rate participants throughout its primarily rural territory.

Frontier supports each of the *NPRM*’s three goals of: (1) Ensuring schools and libraries have affordable access to 21st Century broadband that supports digital learning; (2) Maximizing the cost-effectiveness of E-rate funds; and (3) Streamlining the administration of the E-rate program.² The Commission’s efforts to incorporate President Obama’s ConnectED initiative as a component of its E-rate reform will be an important part of ensuring that unserved schools have

¹ *In re: Modernizing the E-rate Program for Schools and Libraries, Notice of Proposed Rulemaking*, WC Dkt. No. 13-184, 28 FCC Rcd. 11304 (rel. Jul. 23, 2013) (“*NPRM*”).

² *Id.* at ¶ 12.

broadband access.³ The voluminous record in this proceeding demonstrates that there is considerable interest in the E-rate program and its future. While not all proposals for modernizing the E-rate program synch, the record supports modernizing the E-rate program as described herein.

II. THE COMMISSION MUST BE COGNIZANT OF FISCAL CONSTRAINTS WHILE MODERNIZING E-RATE

A. The Commission Should Carefully Weigh the Contribution Burdens Associated with Increasing the Fund Size

Recognizing the importance that broadband access plays in the economic, educational and social lives of our customers, Frontier has transformed itself from a traditional phone company into a broadband company. Accordingly, Frontier supports the Commission’s efforts to modernize the E-rate program to better support broadband services, just as the Commission has done with the Connect America Fund. Yet the Commission recognized in its transformation from the Universal Service Fund to the Connect America Fund the need to stay within a budget to “ensure that [it] has in place ‘specific, predictable, and sufficient’ funding mechanisms to achieve [its] universal service objectives”⁴ and also to “ensure that individual consumers will not pay more in contributions due to the reforms” adopted.⁵ The record supports a similar prudent course in this instance.

³ See *id.* at ¶ 7. See also The White House, Office of the Press Secretary, *ConnectED: President Obama’s plan for Connecting All Schools to the Digital Age*, available at: http://www.whitehouse.gov/sites/default/files/docs/connected_fact_sheet.pdf (last visited Nov. 4, 2013).

⁴ See *in re: Connect America Fund et al.*, WC Docket No. 10-90 et al., *Report and Order and Further Notice of Proposed Rulemaking*, 26 FCC Rcd 17663, ¶ 123 (2011) (“*USF/ICC Transformation Order*”).

⁵ *Id.* at ¶ 125.

There are numerous calls throughout the record for more E-rate funding, including doubling the fund's size.⁶ While Frontier does not advocate for a specific fund size, we are mindful of the funding impact on rate payers. Frontier agrees with CenturyLink that “[a]ny increase in fund size needs to be constrained by an awareness of how this and other Commission regulatory and program initiatives are contributing to higher end user charges.”⁷ The Commission should take care to limit the burdens on the American consumers and also help minimize the competitive disparity that also exists between services that are required to contribute to the fund.⁸

B. E-Rate Savings Are Available by Revising the List of Supported Services but Voice Support Remains Important

The record demonstrates that certain services are outdated and no longer worthy of scarce E-rate support. Frontier agrees with CenturyLink and others that “plainly outdated services, for which there is little demand, can reasonably be removed as lacking demonstrated need. Low-demand services that could be phased out include paging services, directory assistance service, dial-up services, text messaging, and 800 services.”⁹ Voice service, however, continues to meet the needs of many educational systems and must be maintained at this time. The West Virginia Department of Education explained well why voice services need to remain supported at this time:

⁶ EdLiNC Comments at 15 (“E-rate’s funding level must increase to \$5 billion to meet demand”); *see also* SECA Comments at 7 (“we see no way to meet the FCC’s proposed broadband speed goals without a substantial increase in the fund.”).

⁷ CenturyLink Comments at 15.

⁸ *See* ITTA Comments at 14 (“To the extent that the need to expand E-rate funding cannot be reconciled with the importance of preserving the financial integrity of other universal service programs, the Commission must answer calls by ITTA and others to address long overdue reform of the universal service contribution mechanism, which could result in a greater amount of funding being made available for all worthy programs.”).

⁹ CenturyLink at 8. *See also* Comments of the South Dakota Department of Education and the South Dakota Bureau of Information and Telecommunications at 11 (“South Dakota DOE Comments”); ITTA at 20, AT&T Comments at Attachment 1.

Not every school district has the local funding available to afford expensive Voice over IP (VoIP) equipment or services. Additionally, districts in West Virginia have expressed that if funding for voice services is critical to the efficiency and safe administration of the educational process for children. Those polled stated that they would be faced with reducing broadband speeds to cover the loss of funding if these services were no longer supported. Unless the services and hardware become more affordable, this platform is unreachable for the majority.¹⁰

While a transition away from supporting voice services may be appropriate at some future point once the E-rate fund has been fully modernized, the education and library systems around the country are clearly not ready for that yet. Indeed, the American Library Association explained in its comments that it no longer supports the aggressive phase-out of voice services that it once did because “[w]ithdrawal of all support for POTS could impose a significant financial burden on these libraries for an indeterminate period of time despite recent gains in broadband capacity.”¹¹

The experience of service providers also supports maintaining E-rate support for voice services. Windstream, for example, cites the importance of voice services in maintaining teacher-family engagement.¹² NCTA agrees, and advises that “if the Commission chooses to reduce support for stand-alone voice services, it should do so gradually to allow schools and libraries to adjust their spending plans, while continuing to support voice services that are included as part of a bundle with high-speed broadband services.”¹³

CenturyLink also makes a compelling argument for maintaining support for voice services: it is required by statute. Frontier agrees with CenturyLink that “[a]lthough the Act directs the Commission to ‘take into account advances in the telecommunications and information technologies and services,’ it provides that universal service support extends to the

¹⁰ West Virginia Department of Education Comments at 33 (“West Virginia DOE”).

¹¹ American Library Association Comments at 15.

¹² Windstream Comments at 6.

¹³ NCTA Comments at 11.

services by ‘telecommunications carriers’ that are ‘supported by Federal universal service support mechanisms.’ Standalone voice remains squarely among them.”¹⁴ While such services may transition solely to VoIP services in the future, the Commission has a duty to retain such voice support at the present time.

C. It Would Be Counterproductive to Use the Connect America Fund to Support E-Rate

While Frontier supports the goals of ConnectEd and E-rate modernization, and realizes that additional funding may be necessary to achieve such goals, the Commission should not raid funding from the high cost Connect America Fund (“CAF”) to achieve them. Removing support from the Connect America Fund to support E-rate would actually have a deleterious effect on education in rural areas, contrary to the purpose of the E-rate fund.

One of the pivotal studies to which the *NPRM* cites unequivocally states the importance of broadband at home, concluding that, “[a]t home, students without a computer or an Internet connection are at risk of falling behind other students.”¹⁵ The same report concludes that classroom and home broadband usage have complimentary educational effects, finding that “the many benefits and positive impacts of using digital technologies and broadband for educational purposes will not be fully realized without widespread adoption of broadband and computers -- especially at home.”¹⁶ Yet without CAF support many residents in high-cost locations would either not have broadband access at all or such service would be very expensive when accounting

¹⁴ CenturyLink at 11-12 (citations omitted).

¹⁵ Charles M. Davidson and Michael J. Santorelli, *The Impact of Broadband on Education: A Study* Commissioned by the U.S. Chamber of Commerce, 65 (December 2010) *available at* http://www.uschamber.com/sites/default/files/about/US_Chamber_Paper_on_Broadband_and_Education.pdf (last visited Nov. 5, 2013).

¹⁶ *Id.* at 39.

for the high costs of broadband deployment to those locations. As a result, broadband subscribership at home would drop, eliminating an important educational element. The Commission has recognized that “children need broadband to get a world-class education”¹⁷ and CAF support is integral to ensuring broadband access at home.

The Commission should reject SECA’s call to “leverag[e] Connect America Funds to defray the payment of non-recurring installation costs for broadband services” and to have CAF recipients “provide a credit to the school or library customer for build-out of new broadband services.”¹⁸ SECA’s statements confuse the purposes of the CAF and E-rate funds: CAF provides support for broadband in areas that would be uneconomical for deployment otherwise while E-rate provides a subsidy to the school, not the provider. Accordingly, there is no “double dipping” as SECA contends. Any credits given from CAF recipients would necessarily require a provider to divert funds from their intended goal of broadband deployment. Accordingly, Frontier urges the Commission to fully support broadband in education by maintaining a separation between E-rate and CAF support.

III. MAXIMIZING COST EFFECTIVENESS

While Frontier appreciates that the Commission wants to maximize the cost effectiveness of E-rate funds, some of the steps it proposed to do so are unnecessary.

A. The Commission Does Not Need to Encourage or Create a Bulk Billing Program

Neither Frontier nor the record supports the Commission encouraging or developing a bulk billing program as it proposes in the *NPRM*.¹⁹ CenturyLink aptly summed the current

¹⁷ *USF/ICC Transformation Order* at ¶ 3.

¹⁸ SECA Comments at 15-16.

¹⁹ *NPRM* at ¶¶ 186-190.

environment when it stated that, “[m]any states and even some larger counties today have master contracts or similar group or bulk purchasing vehicles available for schools and libraries. These can be an attractive choice for some E-rate applicants. Not every bulk buying arrangement, however, is the most suitable or most cost-effective option for a particular E-rate customer.”²⁰ As Cox continues, “[s]chools and libraries should have the flexibility to purchase with their educational goals, which may not be served by bulk purchasing in all circumstances.”²¹ This flexibility is necessary because individual schools and libraries may have particular situations that render the set terms and conditions of a bulk buying plan less attractive. There are currently sufficient bulk buying arrangements available to where no further Commission action is necessary at this time; most buying out of the bulk arrangements do so out of a need for particular flexibility.

B. There Is No Need to Require Posting Price or Bid Data

Both carriers and applicants alike opposed the Commission’s proposal to require public disclosure of E-rate bids and prices, though for varying reasons. CenturyLink correctly cites the Commission’s own rules to demonstrate that “[a]ctual purchase prices are already disclosed following award, and tariffed or scheduled services are publicly priced already.”²² The West Virginia Department of Education cautions that “Any forum, blog, etc. could potentially violate contract requirements for not sharing pricing.”²³ Perhaps most poignantly E-Rate Central observes that “many of the ideas suggested to increase price transparency would lead to an

²⁰ CenturyLink at 17.

²¹ Cox Comments at 5-6.

²² CenturyLink at 18 (citing 47 C.F.R. § 54.501(c)(3), which provides that rates and discounts for schools and libraries are available upon reasonable request.).

²³ West Virginia DOE at 76.

unwarranted expansion of USAC's role into market regulation."²⁴ Further price regulation does not comport with today's extremely competitive marketplace. Frontier joins the opposition to the Commission's proposals for public disclosure of E-rate bids and prices for all of the above reasons.

IV. THE COMMISSION SHOULD REDUCE BURDENS IN THE ADMINISTRATIVE PROCESS, NOT CREATE ADDITIONAL ONES

Frontier fully supports "streamlining the administration of the E-rate program."

Unfortunately, some of the proposals in the namesake section would not streamline the administration process but instead would add additional burdens without corresponding benefit.

The record of positions on matters related to streamlining is fully developed. In these matters

Frontier:

- Supports removing service providers as the middle man in funding reimbursements. The BEAR applicants should be paid directly by USAC to avoid administrative burdens;²⁵
- Opposes mandatory auditing similar to that of the Lifeline fund on grounds that it is unnecessary to achieve the Commission's goals;²⁶

²⁴ E-rate Central Comments at 7.

²⁵ *See, e.g.*, Verizon at 21-22 ("Having service providers serve as a pass-through in the disbursement process places an additional burden on those providers to prepare and submit the necessary request for payment and requires extra levels of coordination between the applicant and the service provider on several thousand requests for payment, which adds extra steps and inevitable delay in a process that already can be involved and time-consuming."); West Virginia DOE at 99 ("There are multiple examples where sending the BEAR check to the service provider is not the best method to reimburse funds."); *see also* Windstream at 8-9; CenturyLink at 26-27.

²⁶ *See, e.g.*, CenturyLink at 31-32 ("The Commission had particular concerns about broad noncompliance among new ETCs in the Lifeline program. . . . In contrast, there have not been comparable problems to warrant adopting a similar requirement for E-rate participants."); *see also* AT&T at 16 ("AT&T agrees that program compliance audits are important tools for identifying and deterring program rule violations. However, the need for compliance audits must be balanced against the costs and burdens imposed on the program participants. As the Commission acknowledges, USAC already has a Beneficiary and Contributor Audit Program ("BCAP") that serves this purpose, and just recently announced that it would begin its first round of service provider audits under this program.³¹ Before the Commission alters the audit requirements for the E-rate program, it should review the effectiveness of the existing audit program.").

- Joins the consensus that record retention requirements should not be extended because it would be excessively burdensome for applicants and providers alike;²⁷
- Opposes a requirement to have officer-level certifications as the “authorized person” will have more direct knowledge of the application given the volume.²⁸

The Commission should carefully evaluate the costs and benefits of any additional requirements it imposes. The Commission should focus on this unique opportunity to truly streamline the administration of the program, thereby reducing costs for all parties and making the E-rate program more efficient.

²⁷ *See, e.g.*, West Virginia DOE at 110 (“The current document retention requirement of five years is viewed by polled districts as quite a burden. Their input stated that ten would be even more difficult.”); Windstream at 8 (“In addition, with respect to the record retention requirement, Windstream notes that because most E-Rate contracts are for three to five years, the current retention policy—mandating retention for five years from the last date of service—requires parties to retain the contracts for 10 years in many cases as a practical matter. Doubling the current retention policy would essentially require the retention of many documents for approximately 15 years, increasing storage costs for service providers and schools and libraries.”).

²⁸ *See, e.g.*, Comments of United States Telecom Association at 6 (“By expanding the E-Rate Program certification requirements to officers of the service providers, the Commission will increase – by orders of significant magnitude – the time needed to complete the relevant forms.”); *see also* CenturyLink at 30 (“The Commission should continue to allow providers to designate an appropriate, knowledgeable representative.”).

V. CONCLUSION

For the foregoing reasons Frontier respectfully requests the Commission to modernize the E-rate program as stated herein.

Respectfully submitted,

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