

**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 SUNESYS, LLC

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Sunesys, LLC (“Sunesys”) submits these reply comments in connection with the Federal Communications Commission’s (“Commission”) Wireline Competition Bureau’s (“Bureau”) Public Notice requesting focused comments and reply comments on modernizing the E-rate program.¹

In this proceeding, many parties have commented on the need to judiciously focus the surge in E-rate funding toward demonstration projects that will target currently unserved or underserved schools and libraries, as well as provide the Commission with valuable information that will help ensure E-rate funds are used more efficiently in the future.² Consistent with these parties’ recommendations, Sunesys urges the Commission to provide funding for demonstration projects that meet the following criteria: (1) the project would provide last-mile, scalable infrastructure to unserved or underserved rural schools or libraries; and (2) the project would be able to leverage existing middle-mile facilities in reasonable proximity to the schools and libraries to be connected.³

As one commenter noted, “the power of the E-rate program – including which parts of it work, and which parts of it could work better – has been on demonstration since [its] inception”⁴ But given that the E-rate program was established 18 years ago, and there still remain schools and libraries that lack any true broadband connection, Sunesys respectfully submits that the E-rate program must work better toward providing high-capacity, scalable infrastructure to

¹ Public Notice, Wireline Competition Bureau Seeks Focused Comment on E-rate Modernization, WC Docket No. 13-184, DA 14-308 (rel. Mar. 6, 2014) (“*Public Notice*”).

² See, e.g., Comments of New America Foundation’s Open Technology Institute and Education Policy Program, WC Docket No. 13-184, at 9 (filed April 7, 2014); see also Comments of the Quilt, WC Docket No. 13-184, at 4 (filed April 7, 2014) (“*Quilt Comments*”).

³ See Comments of Sunesys, LLC, WC Docket No. 13-184, at 4-10 (filed April 7, 2014).

⁴ Comments of EducationSuperHighway, WC Docket No. 13-184, at 11 (filed April 7, 2014) (“*ESH Comments*”).

unserved and underserved rural schools and libraries. If many such schools and libraries cannot take advantage of the contemplated surge in funding through the proposed demonstration projects, the digital divide will only increase. The Commission, however, has a unique opportunity through its choice of the proposed demonstration projects to ensure that this increase does not occur, by focusing on helping to bridge the digital divide in a manner consistent with Sunesys' opening comments.

To that end, Sunesys files these reply comments to address two other aspects of the proposed demonstration projects to assist the Commission with obtaining the greatest return on its investment in its reform efforts. First, the Commission should evaluate demonstration projects, and implement E-rate reform more generally, in a manner that will encourage competitive providers of broadband services to move into even more jurisdictions and provide greater competition to these markets. Second, consistent with the American Library Association's ("ALA") comments concerning "Three-for-One investment[s],"⁵ the Commission should give greater consideration to otherwise equal pilot projects that would complement and reinforce other Commission programs.

I. The Commission Should Support Innovative Competitive Bidding Arrangements For Demonstration Projects

The E-rate program was created as part of the 1996 Act. The 1996 Act's primary purpose was to promote competition among service providers to allow consumers to have more choices and better prices as a result. The Commission should not lose sight of that goal as it seeks to reform the E-rate program. Therefore, the Commission should not set up roadblocks that would unduly restrict competitive high-capacity broadband providers from playing a large

⁵ Comments of the American Library Association, WC Docket No. 13-184, at 5-6 (filed April 7, 2014) ("ALA Comments").

role in the demonstration projects under consideration.

As the Commission considers demonstration projects through consortia purchasing and other similar state-wide arrangements, schools and libraries should be allowed to accept bids from all providers through flexible bidding arrangements that would not require each provider to serve the entire geographic area for which the consortia or a state agency is soliciting proposals. Stated differently, schools and libraries should not be forced to choose a local monopoly or a state-wide incumbent. As COMPTEL noted in its comments, the Commission should not adopt “rules or procedures that unfairly, albeit unintentionally, disadvantage smaller providers that may be able to efficiently and cost-effectively serve some but not all consortium members.”⁶ Moreover, as the Quilt notes, “the competition from non-telecommunications providers has created marketplace pressure on traditional telecommunications service providers to offer affordable Ethernet service solutions to schools and libraries where traditionally only TDM services such as T1s and T3s were offered.”⁷

From the perspective of a competitive service provider like Sunesys, many rural schools and libraries are on the threshold of receiving truly next-generation network capacity at rates comparable to their urban counterparts, needing only additional flexibility and options within the E-rate program to make this a reality. Thus, in order to avoid limiting the choices available going forward, the Commission should consider funding pilot projects that demonstrate the maximum opportunity for all eligible providers to participate.

⁶ Comments of the COMPTEL, WC Docket No. 13-184, at 2 (filed April 7, 2014).
⁷ Quilt Comments at 6.

II. The Overall Goals Of The National Broadband Plan Should Be Considered When Evaluating Otherwise Comparable Demonstration Projects

As Sunesys noted in its opening comments, the decision to fund comparable demonstration projects to unserved or underserved schools and libraries should be driven by the Commission supporting synergies rather than silos. To the extent that any proposed demonstration projects will connect an unserved or underserved school or library and otherwise exhibit the potential to lower long-run costs, Sunesys recommends that the Commission give weight to projects that would complement and reinforce other state and federally-funded infrastructure and universal service fund programs, including the rural healthcare program.

As the ALA and others have noted,⁸ given the recent middle-mile infrastructure projects funded in part through the State Broadband Initiative grant program and the Broadband Technology Opportunities Program, it is now economically feasible to connect unserved and underserved schools and libraries for the first time, while also reducing pressures on Universal Service Fund programs as a whole. Such demonstration projects can not only benefit a currently unserved or underserved applicant and provide the Commission with valuable information about the best options to reform the E-rate program going forward, but can also serve as a “Three-for-One” investment by further supporting the goals of universal service more broadly. Thus, the Commission should select pilot projects that exhibit the potential for significant spillover cost savings and the ability to connect to other community stakeholders when deciding between such projects and other closely comparable projects that do not have such benefits.

⁸ ALA Comments at 5-6; *see also* ESH Comments at 12.

CONCLUSION

For all of the foregoing reasons, Sunesys respectfully requests that the Commission fund demonstration projects in this proceeding, and adopt the further reforms of the E-rate program, consistent with the recommendations set forth herein.

Respectfully submitted,

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