

**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
TELEPAK NETWORKS, INC. d/b/a C SPIRE FIBER**

Telepak Networks, Inc. d/b/a C Spire Fiber (“C Spire”) submits these reply comments in response to the recent Public Notice (“PN”) issued by the Wireline Competition Bureau (“Bureau”) in the above-captioned proceeding.¹ In its initial comments, C Spire explained that many poor and rural school districts lack access to capital funding and expertise needed to deploy, maintain, or upgrade campus wide local area networks (“LANs”) that include Wi-Fi service capable of supporting one-to-one digital learning. For this reason C Spire supports E-rate rules that will provide flexibility to schools and allow funding for managed campus network solutions that can quickly and affordably deliver high capacity broadband to classrooms, teachers, and students. Many commenters supported providing such flexibility and specifically recognized managed LAN and Wi-Fi services as an important and needed option for schools.

¹ *Wireline Competition Bureau Seeks Focused Comment on E-Rate Modernization*, Public Notice, WC Docket No. 13-184, DA 14-308 (Mar. 6, 2014) (“PN”); see *In the Matter of Modernizing the E-rate Program for Schools and Libraries*, WC Docket 13-184, Notice of Proposed Rulemaking, FCC 13-100 (rel. July 19, 2013) (*E-rate Modernization NPRM*); see also 47 U.S.C. § 254(h)(2)(A) (directing FCC to establish competitively neutral rules to enhance “access to advanced telecommunications and information services for all public and non-profit elementary and secondary school classrooms”).

Regarding the Commission’s efforts to streamline the E-rate funding process, commenters generally supported such efforts, however some commenters expressed concern that the Commission not reduce opportunities for competition or take steps that might result in E-rate funds not being used cost effectively. As explained below C Spire shares these concerns.

I. COMMENTERS SUPPORT ALLOWING SCHOOLS FLEXIBILITY TO SELECT PRODUCTS AND SERVICES BEST ABLE TO MEET THEIR BROADBAND REQUIREMENTS

In its initial comments, C Spire urged the Commission to allow school districts the option of (1) installing and managing their own campus LAN and Wi-Fi service, or (2) entering into multi-year contracts with vendors capable of providing LAN Wi-Fi solutions as a managed service. Allowing such flexibility will benefit those school districts unable to undertake large-scale network deployments that are typically capital intensive and technically complex. The State Educational Technology Directors Association (“SEDTA”) confirms C Spire’s experience regarding the “uneven” abilities of school districts to undertake such complex deployments.²

Many commenters supported giving schools maximum flexibility in procuring high-capacity broadband solutions to the building or the classroom, with many specifically recognizing that managed LAN Wi-Fi solutions are an important option for some schools. For example, AT&T explained:

Just as the Commission should allow market forces to dictate which technology represents the best solution for a given school or library, so, too, should it allow flexibility in the choice of equipment and software that can be used to deliver the broadband service throughout the campus or building(s). Here, again, the competitive bidding process will identify which equipment and software represent the best, most cost-effective

² SEDTA Comments at 4 (the “capacity to negotiate, plan for, deploy, maintain and leverage the benefits of cost-effective, scalable, high-quality broadband to and throughout schools is uneven.”). C Spire does not endorse SEDTA’s proposal to incent purchase through statewide or multi-district consortia by limiting E-rate support to the price for substantially similar services available through consortia. *See id.* While well-intentioned, this would be a very complex requirement to implement.

solution for any particular school or library, and building flexibility into the process will enable schools and libraries to access the latest, most cutting edge technology solutions. . . . [T]he Commission should establish standards that enable and facilitate the purchase of high-speed broadband both to and within schools and libraries, and allow the schools and libraries, using the applicable competitive bidding requirements, to select the most cost-effective solution from all of the available technologies and architectures.³

Verizon expressed the same concern and went on to specifically recognize the importance of allowing schools to determine where a managed LAN Wi-Fi solution was appropriate:

[S]chools should have the flexibility to elect how to obtain connectivity to learning devices. The record shows that some schools build and operate their own Wi-Fi networks. Other schools choose a “managed Wi-Fi” service in which a third party engineers, installs and manages wireless connectivity. Both options are viable and schools should be permitted to select either – and to receive a multiyear commitment of support if they elect a managed Wi-Fi option.⁴

ADTRAN and Educational Networks of America (“ENA”) also emphasized the need to accommodate managed LAN Wi-Fi solutions.⁵ ENA explained:

We encourage the Commission to allow applicants to choose between purchase of equipment or service to accomplish the goals of internal Wi-Fi connectivity without restriction on means to accomplish the end result. A managed service that aggregates certain services “in the cloud” or virtualizes the hardware necessary may be the most cost effective way for certain school systems to purchase Wi-Fi and should be allowed to compete with other available options on a total cost of ownership basis.⁶

Ultimately, the best reason to allow a managed services solution is to empower schools to choose the option that best suits their needs, on a technologically neutral basis. Many commenters

³ AT&T PN comments at 3.

⁴ Verizon PN comments at 5.

⁵ ADTRAN NPRM comments at 22-23 (“schools should be able to determine whether to ‘buy or build’ the internal network (or possibly utilize a hosted wireless local area network (WLAN)) that best meets the needs of the school”) (Sep. 16, 2013); ENA PN comments at 1; *see also* ENA NPRM comments at 2 (“Recommendation #4”); ENA Ex Parte Letter (Mar. 25, 2014).

⁶ ENA PN comments at 1.

supported such neutrality and C Spire strongly agrees.⁷ Markets should determine technology winners and losers, not well-intentioned rules that cannot possibly be kept current with rapidly changing market realities.

II. STREAMLINING E-RATE SHOULD NOT REDUCE OPPORTUNITIES AND INCENTIVES TO OBTAIN COST EFFECTIVE PRODUCTS OR SERVICES

C Spire recognizes that economies of scale and other efficiencies may be gained by bulk buying through consortia and, under certain circumstances, state-wide master contracts (“SMCs”). However C Spire shares the concerns of those commenters who point out that SMCs may not always be the product of vigorous, open competitive bidding,⁸ and will not always offer the best or most cost effective solution for providing high capacity broadband in all areas of a state.

In addition to competitive concerns, single-vendor SMCs as a practical matter often do not in fact offer services in an entire state. As a result, SMC standard rates may exclude variable last mile costs in areas outside of the SMC carrier’s core service area. In areas where C Spire has fiber, for example, C Spire can deliver higher speed broadband at a much lower price than what is offered on the Mississippi SMC.⁹ In addition, because many local providers cannot offer services statewide, they are excluded from the current SMC. For that reason, C Spire urges the Commission

⁷ *See generally*, ADTRAN NPRM reply comments at 5-9 (Nov. 8, 2013) (summarizing NPRM comments in support of technological neutrality).

⁸ *See, e.g.*, PN comments by Select Mississippi Technology Coordinators at 3 (noting extension of SMC and addition of new E-rate eligible services to SMC without apparent competition; PN comments by Marvin Adams (“A Concerned Mississippi Technology Coordinator”) at 4 (noting same); *cf.* PN comments by Mississippi Educational Technology Leaders Association (“METLA”) at 6 (“The need for increased competition [in Mississippi] was mentioned multiple times [by METLA survey respondents]. It has been proven in Mississippi that an effective way to lower pricing and keep it lowered is to maintain a health competitive process for services across the state.”).

⁹ *See generally* PN comments by Select Mississippi Technology Coordinators at 3 (non-SMC contracts competitively bid since January 2013 averaged prices 57% lower than SMC); PN comments by Kameron C. Ball, Ph.D., District Technology Director at 3 (noting schools who dramatically increased services and reduced costs by utilizing competitive bidding rather than SMC); PN comments by Marvin Adams at 6 (“In Mississippi, access to good pricing varies from locality to locality.”).

to reconsider granting waivers that allow unrestricted competitive bidding for purchasing off of single-vendor SMCs.¹⁰ If the Commission allows such waivers, they should not be extended to situations where applicants seek multi-year funding commitments.¹¹

Similarly, if the Commission decides to allow higher E-rate discounts to consortium applications – as urged by SECA¹² – it should do so only in cases where a full competitive bid is undertaken. Otherwise, this will create an incentive to by-pass competitive bidding by forming a statewide “consortium” (perhaps in name only) simply to purchase off of an SMC. A consortium that benefits from a competitive bid waiver by purchasing off an SMC is not undertaking any additional effort to maximize price competition for its members. Yet, the added discount is presumably intended to compensate consortia for the administrative costs associated with just such an effort. Providing the discount absent the added administrative efforts will effectively subsidize reduced competition.

III. CONCLUSION

Technological neutrality remains a core value that must be preserved in a modernized E-rate program. Technological neutrality means schools and libraries have the flexibility to select the broadband solutions they need – whether managed services or equipment installations – and whether such solutions connect the Internet to the school building, to the classroom, or to the individual user. In addition, the desire for increased programmatic efficiencies must be balanced against the need to ensure competition continues to exert downward pricing pressure on E-rate-

¹⁰ *Cf.* PN comments by Marvin Adams at 6 (arguing that a multi-vendor SMC in Mississippi would reduce costs for E-rate eligible services).

¹¹ *Accord*, PN comments by Marvin Adams at 6.

¹² *See* PN comments by State E-rate Coordinators Alliance (“SECA”) at 23-24 (advocating 5% added E-rate discount for consortium applications).

supported services. While statewide master contracts in theory should offer low-cost pricing, the Commission should approach single-vendor statewide master contracts with caution. At a minimum, the Commission should not create incentives for schools or consortia to by-pass lower priced service options that may be available from local providers.

Respectfully submitted,

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