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

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

COMMENTS OF COMCAST CORPORATION

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Comcast Corporation ("Comcast") hereby submits these comments in response to the Further Notice of Proposed Rulemaking ("Further Notice") released by the Federal Communications Commission ("FCC" or "Commission") in the above-captioned proceeding.[1]

I. INTRODUCTION AND SUMMARY

Comcast commends the Commission for its actions to date to modernize the E-rate program to foster broadband connectivity to our nation's classrooms and libraries. The Commission's decision in this proceeding to use E-rate funding in a balanced and integrated way to deliver high-speed Internet service to schools and libraries, and to ensure connectivity within their walls, represents an important step toward ensuring our students' success in the digital age.

The Commission's reforms accomplished several critical objectives, in particular trying to ensure that E-rate funding is expended efficiently. The Commission adopted a number of reforms that will enhance the ability of schools and libraries to purchase E-rate services in a cost-effective manner, as well as administrative reforms that will reduce the costs and burdens associated with participating in the program and measures designed to eliminate waste, fraud, and abuse. The Commission also simplified the application process for multi-year contracts and

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[1] *Modernizing the E-rate Program for Schools and Libraries*, WC Docket No. 13-184, Report and Order and Further Notice of Proposed Rulemaking, FCC 14-99 (rel. July 23, 2014) ("Report and Order" or "Further Notice").

streamlined the invoicing and disbursement processes. And importantly, the Commission focused the E-rate program's resources on delivering broadband connectivity to schools and ensuring that broadband service is reliably disseminated throughout school facilities and classrooms. These latter measures will optimize the impact of the Commission's recent decision to make an additional 100 MHz of spectrum available for Wi-Fi.[2] Collectively, these reforms will establish the foundation for realizing the promise of the Administration's ConnectED initiative.

As the Commission recognizes, its reforms going forward should continue to be focused on: (1) providing schools and libraries with affordable access to high-speed broadband that is sufficient to support digital learning and robust connectivity; (2) enabling cost-effective purchases of supported services; and (3) offering E-rate applicants simple, fast, and efficient administrative processes.[3] In particular, with respect to the issues presented in the Further Notice, the Commission should:

- administer funding for the E-rate program in a way that will promote efficiency while enabling the modernized program to deliver 21st century high-speed broadband connectivity to classrooms and libraries;

- make certain that reforms designed to encourage consortium purchasing do not limit competition among service providers or choice for members, consistent with its goal of promoting the cost-effective use of E-rate expenditures; and

- allow program participants to gain the benefits of longer-term contracts, including certainty and cost-effectiveness, without sacrificing flexibility.

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[2] *Revision of Part 15 of the Commission's Rules to Permit Unlicensed National Information Infrastructure (U-NII) Devices in the 5 GHz Band*, ET Docket No. 13-49, First Report and Order, FCC 14-30 (rel. April 1, 2014).

[3] Report and Order ¶ 22; Further Notice ¶ 267.

II. THE COMMISSION SHOULD ENSURE THAT THE MODERNIZED E-RATE PROGRAM PROMOTES HIGH-SPEED CONNECTIVITY WHILE OPERATING IN AN EFFICIENT MANNER

Comcast supports the Commission's decision to focus the E-rate program's resources on providing America's elementary and secondary schools, as well as the nation's libraries, with access to high-speed broadband services, particularly the renewed emphasis on broadband connections to the classroom and throughout libraries. Accordingly, Comcast supports the FCC's commitment to ensure that schools and libraries are able to use the program's resources to implement end-to-end networks – from high-speed broadband connectivity to internal network connections – that will support modern digital learning tools in classrooms and not just school administrative offices and isolated computer labs.

Comcast recognizes that enabling schools to have access to high-speed broadband that is sufficient to support digital learning and robust connectivity in the classroom may place significant pressure on the program's existing resources.[4] The Commission has taken several important steps to address that challenge. For example, the Commission commenced a phased elimination of support for legacy services in order to "focus E-rate program funding on the high-speed broadband needed" by schools and libraries.[5] A recent staff report estimates that this action alone ultimately will make approximately $1 billion available for broadband funding each year.[6]

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[4] Report and Order ¶ 22.

[5] *Id*. ¶¶ 134-154.

[6] Wireline Competition Bureau & Office of Strategic Planning and Policy, Staff Report, WC Docket No. 13-184, at 18 (Aug. 12, 2014).

The Commission's efforts to enhance the ability of schools to obtain access to modern broadband networks also should advance its goal of maximizing the efficient use of the fund's resources. A school that properly tailors its demand for E-rate services to its particular requirements not only increases the cost-effectiveness of its purchases, but also can reduce the total amount of funding that the school needs. For example, the Arlington Heights school district in Illinois estimates that its use of Comcast's broadband services has lowered its data costs from approximately $117 per megabit to $6.50 per megabit, resulting in total savings of more than $400,000 a year.[7] Similarly, Fort Wayne Community Schools in Indiana have indicated that they now have access to 100 times the bandwidth they previously received while saving nearly $100,000 each year.[8] The Township High School District 214, located just outside of Chicago, also was able to realize significant savings ($131,000 over three years) after it upgraded to Comcast Enterprise Ethernet service.[9]

As these examples demonstrate, the Commission can advance its goal of promoting the deployment of modern broadband services to classrooms and libraries while ensuring that the

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[7] *Comcast Solutions Support Streaming Video and Cloud Computing in Suburban Chicago School Districts*, Comcast Business, http://business.comcast.com/resource-library/case-studies/details/2010/11/04/comcast-solutions-support-streaming-video-and-cloud-computing-in-suburban-chicago-school-districts?IsPremium=False (last visited Sept. 12, 2014).

[8] *Comcast Connection Provides Endless Educational Opportunities for Students in Indiana School District*, Comcast Business, http://business.comcast.com/resource-library/case-studies/details/2010/11/04/comcast-connection-provides-endless-educational-opportunities-for-students-in-indiana-school-district?IsPremium=False (last visited Sept. 12, 2014).

[9] *Illinois School District Leverages E-Rate to Become a Top Ten Digital School District*, Comcast Business, http://business.comcast.com/resource-library/case-studies/details/2010/11/04/illinois-school-district-leverages-e-rate-to-become-a-top-ten-digital-school-district?NewsItemID=86051e47-2963-62fe-b0b5-ff0000efc36d&IsPremium=False (last visited Sept. 12, 2014).

Fund taken as a whole does not impose an unreasonable burden on consumers.[10] The Commission, therefore, can and should adopt additional reforms to the program that will further both of these objectives. To that end, the Commission must sustain the progress it has made in modernizing and improving the efficiency of the E-rate program by: further streamlining the program's processes and procedures; maintaining the program's transition to a fund that is focused on supporting modern broadband services; and continuing efforts to reduce waste, fraud, and abuse in all Universal Service Fund programs.

As the Commission has noted, "[e]nsuring that schools and libraries spend E-rate money in the most cost-effective ways possible maximizes the impact of limited E-rate funds and helps ensure that all eligible schools and libraries are able to receive all the support they need."[11] As the Commission gains additional data on the impact of the reforms to the E-rate program that it already has adopted, as well as any further reforms that it undertakes, the Commission will be able to evaluate the actual impact of those changes on the operation of the Fund. That analysis should enable the Commission to develop and implement a longer-term funding approach that will lead, in a timely and efficient manner, to the realization of the goal that we share – providing high-speed modern broadband services to schools and libraries, and distributing that bandwidth within schools and libraries, so that our nation's students can access 21st century digital learning

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[10] *See, e.g.*, *Modernizing the E-Rate Program for Schools and Libraries*, Notice of Proposed Rulemaking, 28 FCC Rcd 11304, ¶ 42 (2013) (recognizing the Commission's "responsibility to be a prudent guardian of the public's resources") ("E-Rate NPRM"); 47 U.S.C. § 254(h)(2)(A) (requiring that support to schools and libraries be "economically reasonable").

[11] E-Rate NPRM ¶ 41.

opportunities in the classroom. Comcast supports the development of a longer-term funding approach designed to meet the appropriately defined needs of a 21st century E-rate program.

III. THE COMMISSION'S EFFORTS TO ENCOURAGE THE USE OF CONSORTIA SHOULD PROMOTE, NOT UNDERMINE, COMPETITION

In the Report and Order, the Commission addressed concerns that the increased use of consortia might reduce competition among service providers by suggesting that "consortia applicants should make clear in their FCC Forms 470 and any associated RFPs that they are not required to select a single provider that can meet the needs of all members."[12] The Commission's clarification on this point should promote competition by encouraging a consortium to seek bids from providers that do not serve the consortium's entire geographic area.

The Further Notice discusses several additional proposals that are designed to "break down barriers to schools and libraries joining consortia."[13] In assessing these options, the Commission must continue to be mindful of the impact the proposals will have on competition among potential bidders. In particular, the Commission should not implement reforms that may

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[12] Report and Order ¶ 179. *See also, e.g.*, Comments of COMPTEL at 3 (April 7, 2014) ("[C]onsortia and states should open bidding to all eligible service providers, and they should choose the most cost-effective solutions, even where doing so would require them to contract with more than one provider."); Comments of Cox Communications, Inc. at 6 (Sept. 16, 2013) ("[F]urther encouraging consortia purchasing may actually increase prices because fewer service providers will be qualified to bid cost effectively on the entire consortium area due to limits on the geographic area they serve."); Reply Comments of EducationSuperHighway at 19 (April 21, 2014) ("[C]onsortia must be structured in a way to protect against single-source bids that end up costing schools more than if they had procured the relevant connection services separately."); Comments of National Cable & Telecommunications Association at 5 (April 7, 2014) ("The risk that smaller providers will be disadvantaged by expanding the use of consortia is particularly significant in cases where a consortium issues an RFP that is explicitly or implicitly designed to result in a single-source contract."). (Unless otherwise indicated, all comments and reply comments cited herein were filed in WC Docket No. 13-184.)

[13] Further Notice ¶ 285.

have the effect of encouraging a consortium to accept a single-source bid from a provider that can serve all of its members. Such single-source bids inevitably would exclude many well-qualified bidders and reduce the field of providers competing to win E-rate service contracts.[14] As the Commission has noted, "[e]ven though a larger service provider may enjoy economies of scale and scope, it will not necessarily be able to provide competitively priced service in every area in which a consortium's members are located."[15] By adopting further measures related to consortia that encourage both competition and efficiency, consortia members can benefit from lower prices and more choice, and the Commission can ensure that its reforms do not unintentionally undermine its E-rate reform goals.

IV. ADDITIONAL REFORMS RELATED TO MULTI-YEAR CONTRACTS SHOULD CONTINUE TO PROMOTE BOTH PLANNING CERTAINTY FOR PROGRAM PARTICIPANTS AND COST-EFFECTIVE PURCHASING DECISIONS

The Report and Order included several important reforms that will simplify the E-rate process for multi-year contracts. In particular, the new rules permit applicants that enter into contracts up to five years in length to file only one complete FCC Form 471 for the first funding year in which they seek support and, thereafter, to use a streamlined application process that will require less information.[16] These changes should increase the transparency and certainty of the program for its participants, ease the administrative burden associated with multi-year contracts,

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[14] *See, e.g.*, Comments of Bright House Networks, LLC at 6 (April 7, 2014) ("[A] blanket policy of supporting consortia and bulk buying . . . would discourage schools and libraries from considering regional providers such as cable operators that provide innovative, high quality and cost-effective solutions.").

[15] Report and Order ¶ 179.

[16] *Id.* ¶¶ 191-196.

and speed USAC's application review process. These rules also implicitly recognize the benefits of longer term planning and assure schools and libraries that they can negotiate and enter into longer-term agreements that, as discussed below, are likely to lead to lower prices. As a result, the Commission's actions not only will lead to more cost-effective purchasing decisions, but also give participants confidence that they can develop plans based on the availability of service agreements that extend up to five years.

In the Further Notice, the FCC seeks comment on "[e]nsuring that multi-year contracts are efficient" going forward.[17] Achieving that goal will require the Commission to adopt policies that will continue both to foster the certainty that program participants need to plan productively for the future and to promote cost-effective purchasing decisions. Notably, limiting the maximum term of multi-year contracts to five years, as opposed to the three years initially proposed, should encourage efficient purchases without having an adverse impact on the planning process for participants. This standard will enable schools and libraries to enjoy the benefits that longer-term agreements can provide, including the ability to "negotiate more favorable terms over the life of the contract."[18] Further, as the American Cable Association noted, "[c]ommercial customers routinely get lower prices . . . for longer term purchases."[19]

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[17] Further Notice ¶¶ 271-278.

[18] *Id*. ¶ 273.

[19] Reply Comments of the American Cable Association at 7 (April 21, 2014). *See also, e.g.*, *SECA's Recommendations for E-rate Reform 2.0* attached to Letter from Gary Rawson, State E-rate Coordinators' Alliance, to Marlene H. Dortch, FCC Secretary, CC Docket No. 02-6, at 5 (June 24, 2013) ("Leased high speed telecommunications circuits and Internet access commodity service are frequently purchased on a multi-year basis in order to obtain the most competitive prices possible. The prices for these services on a single year basis typically are exorbitant compared to a multi-year contract."); Comments of Education Networks of America,

Additionally, as the Commission recognized, a longer term agreement increases "administrative efficiencies for [both] applicants and vendors."[20]

A maximum five-year term for multi-year E-rate contracts also should complement the participants' usual planning practices. As the Commission recognized, many parties in the record have indicated that "a five-year contract length is consistent with other procurement models in the education industry."[21] This contract term also is consistent with contracts that commercial enterprises typically execute to take advantage of the benefits of longer-term arrangements.

In implementing a maximum five-year term, the Commission should adopt its proposal to grandfather existing contracts for the duration of any agreement that is in place when the five-year maximum becomes effective.[22] Doing so would ensure that the Commission does not disrupt ongoing agreements or impose on program participants the additional administrative burden of executing contract amendments. Consistent with the new limitation, however, the renewal term for such existing contracts should be limited to five years, regardless of the current renewal terms and conditions.

V. CONCLUSION

For the foregoing reasons, the Commission should build upon the laudable actions it already has taken to modernize the E-rate program. In particular, the Commission should

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Inc. at 75 (Sept. 16, 2013) ("Contracts for new build typically require at least five years to effectively amortize the cost to build the connectivity.").

[20] Further Notice ¶ 273. *See also* Comments of Internet2 at 17 (Sept. 16, 2013) ("Multi-year contracts provide cost savings by creating administrative efficiencies.").

[21] Report and Order ¶ 193. *See also* Reply Comment of the Education Coalition at 10-11 (Nov. 8, 2013) ("The record clearly supports E-Rate funding for contracts up to five years in length, which is consistent with other procurement models in the education industry.").

[22] Further Notice ¶ 278.

establish an efficient path toward future reform that is focused on maximizing the cost-effective expenditure of E-rate funding with a goal towards ensuring that all schools and libraries are able to obtain the high-speed broadband connectivity that they need. Further, the Commission should advance its goals by encouraging the use of pro-competitive bidding practices by consortia and continuing to adopt rules governing multi-year contracts that will promote both planning certainty for program participants and cost-effective purchasing decisions.

Respectfully submitted,

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Certificate of Service

I hereby certify that on this 15th day of September, 2014, I caused a true and correct copy of the foregoing Comments of Comcast Corporation to be mailed by electronic mail to:

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