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

In the Matter of	)	
	)	
Schools and Libraries Universal Service	)	WC Docket No. 02-6
Support Mechanism	)	
	)	

REPLY COMMENTS OF THE QUILT

On the

FY 2013 Draft Eligible Services List for the

Schools and Libraries Universal Service Support Mechanism

The Quilt appreciates the opportunity to file these reply comments in response to the Federal Communications Commission's (FCC's) Public Notice seeking comment on the proposed Eligible Services List (ESL) for the Schools and Libraries Universal Service Program (the E-rate program) for Funding Year 2013.

The Quilt[1] represents over thirty Research and Education (R&E) networks in a variety of states across the U.S. R&E networks are non-profit organizations that often provide a variety of advanced networking, Internet access and related services to schools and libraries in their states, often over fiber optic networks. Quilt members that participate in the E-rate program do so either as consortiums who apply for E-rate funds on behalf of the schools and libraries in their states, or as providers of network services. Quilt members, however, do not serve the general public and thus are not common carriers or "telecommunications carriers".

Quilt members have always been strong supporters of the E-rate program, and the FCC's 2010 decision to allow fiber-based services provided by non-telecommunications carriers to be E-rate eligible has allowed R&E networks to expand the scope of services they provide to eligible schools and libraries.[2] The Draft Eligible Services List largely captures the intention of the 2010 E-rate Order, and we are pleased that the ESL specifically recognizes that certain fiber-

---

[1] More information about the Quilt, including a list of our members, is located at www.thequilt.net.
[2] Schools and Libraries Universal Service Support Mechanism, CC Docket No. 02-6, A National Broadband Plan For Our Future, GN Docket No 09-51, 25 FCC Rcd 18762. ("*2010 E-rate Reform Order*").

based expenses provided by non-telecommunications carriers are E-rate eligible. We offer a few comments below simply to ensure that the final ESL continues to carry out the intention in the 2010 E-rate Reform Order.

1. **The ESL should recognize that schools and libraries have competitive options to purchase "telecommunications" from non-carriers such as R&E networks.**

In the 2010 E-rate Reform Order, the Commission chose to allow non-telecommunications carriers to provide "telecommunications" under the E-rate program in order to give schools and libraries competitive choices for their telecommunications needs. The ESL should thus give equal treatment to services provided both by telecommunications carriers and non-telecommunications carriers. Some have suggested moving the description of "telecommunications services" to the top of the document. The Quilt submits that, wherever the ESL describes the option of purchasing "telecommunications services", the ESL should also describe the option of "telecommunications" offered by non-telecommunications carriers in the same location. This will help schools and libraries understand that both options are available to them.

The Quilt also agrees with those who support clarifying the treatment of fiber-based services from telecommunications carriers and non-carriers. In doing so, the Commission may wish to identify the differences between "installation costs" and "special construction" costs.

2. **The Commission should consider adopting SECA's recommendation to combine all Priority One services into a single category in order to reduce denials and make the application process more efficient.**

The Quilt supports the recommendation of the State E-rate Coordinators Alliance (SECA) to consolidate all Priority 1 services (Telecommunications Services, Telecommunications and Internet Access) into a single category. SECA argues that combining these separate categories into a single category is more consistent with the trend in the marketplace toward bundling of services. It points out that combining all the Priority 1 services into one category would eliminate one of the most common reasons why an E-rate application is denied – the failure to check the right box. This idea is supported by Funds for Learning, which argues that SECA's suggestion would "speed up the application review process, while not diminishing in any respect the ability of service providers to uncover and compete for E-rate sales opportunities."[3]

---

[3] The suggestion to combine all Priority 1 Services into one category is also supported by Kellogg & Sovereign, an E-rate consulting firm. ("Services that used to be clearly 'telecommunications' or 'Internet Access' have converged to the point that regulatory bodies are scrambling to define the new technologies. To burden the school or library

The Quilt suggests that combining all the Priority 1 services in one category would also help to equalize the treatment of "telecommunications services" by telecommunications carriers and "telecommunications" by non-carriers, thus increasing the competitiveness of the marketplace.

3. **The Commission should open a proceeding to expand and equalize the competitive choices for schools and libraries for fiber-based services.**

The Quilt appreciates that the 2010 E-rate Reform Order expanded the choices for schools and libraries by allowing them to purchase "telecommunications" from non-telecommunications carriers. Giving schools and libraries more competitive options will make more efficient use of the limited E-rate funds and allow the program to serve a greater number of schools and libraries.

Nonetheless, the 2010 Order did not equalize the treatment of "telecommunications services" and "telecommunications". For instance, certain special construction costs for dark fiber provided by non-carriers are not E-rate eligible, even though construction costs for lit fiber services may be eligible. Similarly, the modulating electronics used to light dark fiber were not made E-rate eligible, even though the equivalent functionality of "lit" fiber services is E-rate eligible.

There are other issues left open by the 2010 E-rate reform order as well. For instance, that Order did not clarify what rules pertain to entities that serve as both an aggregator of E-rate services on behalf of schools and libraries and as a provider of fiber-based services. Many R&E networks were chartered specifically to serve this community of customers; R&E networks work closely with them to design networks and services that most clearly fit their needs. The E-rate's competitive bidding rules, however, sometimes make it difficult for R&E networks to interact with their customers to determine their needs and to carry out their mission.

The connectivity needs of schools and libraries continue to expand. The scope of services needed by schools and libraries is shifting, as more of these customers implement new technologies such as distance learning, desktop virtualization, and mobile educational applications. For instance, many schools and libraries have the need to connect directly to one another for projects, academic instruction and/or training that rely on telecommunications to support interactive distance learning. R&E networks are built on large capacity, high-performance backbones that provide wide area network connectivity effectively and efficiently to connected institutions in a specific geographic area. In these cases, the connection between the two locations can be supported by a wide area network that does not require access to the

---

applicant with understanding the regulatory nuances when even the regulatory bodies are unsure of the correct answer, places an unreasonable expectation on the school or library who is doing their best to complete the applications.") Kellogg & Sovereign Initial comments, p. 4.

Internet. Under the current Eligible Services List, this wide area network digital transmission service may not be eligible for E-rate support.

Furthermore, the existing "cap" on E-rate funding is insufficient to accommodate the increasing demand for services. Unless more money is provided to the E-rate program, there is a risk that there will be inadequate funding to satisfy all the requests for Priority 1 funding in the near future.

For all these reasons, the Quilt respectfully urges the FCC to open a proceeding to update the E-rate eligibility rules to enhance competition and expand the choices for schools and libraries to satisfy their future broadband and telecommunications needs. Addressing these issues will make the E-rate program even stronger and provide even greater value to schools and libraries.

Jen Leasure
President and CEO
The Quilt