

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  
 )

**FOCUSED COMMENTS OF COMPTTEL**

COMPTTEL respectfully submits this filing pursuant to the Wireline Competition Bureau’s March 6, 2014 Public Notice seeking focused comments on the Commission’s pending E-rate reform proceeding.<sup>1</sup> COMPTTEL supports the Commission’s efforts to reform the E-rate program. While we appreciate the complexity of the issues before the Commission, we submit that the Commission has a unique opportunity to affirmatively shape the program to meet the broadband needs of schools and libraries for years to come.

Many of our members provide services to E-rate recipients and provide a cost-effective alternative that benefits both the Universal Service Fund (the “Fund”) and the program’s recipients. Maximizing the cost efficiency of the program is critical. Reducing costs for the program itself and the school and library beneficiaries and minimizing the burden on contributors to the Fund is best achieved through competitive bidding.<sup>2</sup> We focus our comments on how the Commission can help ensure that the use of consortia does not unfairly disadvantage recipients or smaller providers.

Approximately two-thirds of COMPTTEL’s membership is made up of small and medium-sized providers, with less than \$10 million in annual revenue and less than 100 employees. We have a wide variety of members, including for example, competitive and incumbent local

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<sup>1</sup> Public Notice, DA 14-308 (rel. March 6, 2014).

<sup>2</sup> See COMPTTEL Reply Comments, WC Docket No. 13-184, 3-8 (filed November 8, 2013).

exchange carriers, cable providers, and fixed and mobile wireless providers. These companies offer communications and high capacity broadband services throughout the U.S. Having the opportunity to serve the anchor institutions in their geographic territories through the E-rate program has been critical to their business success and to the local communities they serve. As such, the Commission must recognize that the E-rate program's competitive bidding structure and requirements have benefitted not only schools and libraries, but also their surrounding communities through promoting investments in broadband networks. The preservation of competitive bidding should be a priority, and the Commission should do everything it can to encourage all eligible providers to bid. We support the Commission's efforts to simplify the administrative processes so that providers of all sizes are motivated to bid for and offer services in the E-rate program.

Collaborative purchasing or other forms of bulk buying may drive down costs in many circumstances. The Commission should *not*, however, mandate collaborative purchasing through consortia or only cover certain costs if Applicants participate in consortia. Applicants should retain the flexibility to determine based on their individual locations and needs whether participating in a consortium is the most efficient and cost effective means for them to obtain the high capacity equipment and services necessary to serve their constituencies. E-rate Applicants should not be constrained by the program rules in deciding what option works best for them—purchasing through a consortium or individually—because what works for a school or library in an urban area may not be the same as what works for a school or library in a suburban or rural area. The Commission must also be wary of adopting 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. As the Commission is well aware, most

providers offer services in particular geographic areas. It is critical that consortia and other similar arrangements, such as state purchasing programs, be required to accept bids from all willing providers, even where some or all of the providers are able to serve only a portion of the geographic area for which the consortia or state is soliciting proposals. In order to avoid limiting the choices available and the potential for getting the best price, the Commission should prohibit consortia from *requiring* that bidders serve the entire geographic area represented by the consortia or state. Rather, consortia 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. This will best ensure that costs are minimized and that benefits are maximized for all recipients in the program.

The Commission should also require Applicants to use competitive bidding for all projects rather than allowing them to opt into pre-existing state contracts without consideration or review of alternatives. State contracts entered into a number of years ago may not reflect the current market rates for the services being purchased, resulting in the E-rate program paying more than necessary. State bidding processes that give preference to providers that already have contracts with the state should also be circumscribed because they do not provide equal opportunity to all eligible providers or ensure that costs to the Fund are minimized.

Respectfully submitted,

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