



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON DC

Mike O'Rielly
Commissioner

August 26, 2019

Ms. Jacqui Clay
Superintendent
Cochise County Schools
1415 Melody Lane, Bldg C
Bisbee, AZ 85603

Dear Ms. Clay:

I write to you regarding a concerning allegation of wasteful and duplicative Universal Service Fund (USF) spending involving your school districts. It was recently brought to my attention that Cochise County Education and Technology Consortium (CCETC) issued a request for proposals (RFP) on August 20, 2018, under the Federal Communications Commission's E-Rate funding program, for the construction of a wide area network (WAN) to deliver fiber-based broadband to each of the schools and libraries in Cochise County.¹ Pursuant to this request, CCETC is now seeking funding for new fiber buildouts to the county's 46 school and library locations, even though most of these schools and libraries already have a fiber-based Internet connection from existing local providers. Further, the RFP sought bids for fiber-based Internet service to eight county government locations that are ineligible for E-Rate funding. CCETC apparently is also seeking an astronomical level of funding for fiber construction to the private residence of the Cochise Technology District Superintendent, claiming that this location is E-Rate eligible.

Since the RFP was structured to cover the entire county, including urban areas, it was not feasible for one of Cochise County's incumbent local rural carriers—which already delivers fiber-based broadband to 18 of the rural schools and libraries in the RFP—to bid on the contract. Therefore, after receiving bids from two national providers, the Consortium ultimately awarded the contract to a provider with barely any facilities in the area and will need to either overbuild existing fiber networks or lease capacity from incumbent providers.

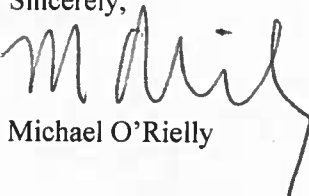
The awarded contract—which would allocate \$29 million of ratepayers' hard-earned dollars to this project—appears to lead to wasteful and duplicative spending. After all, the USF High Cost program *already* helped pay for the installation of existing fiber infrastructure to 18 of the smallest and most costly to serve rural schools and libraries that are included in the CCETC RFP. Further, over the course of its ten-year term, the awarded contract will cost ratepayers *exponentially more* than if the existing rural provider were to continue to serve existing school and library customers at current rates, largely due to the new construction charges. And, this only accounts for a portion of schools and libraries in the RFP: most of the other locations in the RFP are also served by existing fiber-based providers and will similarly be subject to ratepayer-funded subsidized overbuilding.

¹ Letter from Donald L. Herman, Jr. and Clare L. Andonov, Counsel to Valley Telephone Cooperative, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 13-184, et al. (filed Aug. 21, 2019).

As superintendent, I hold out hope that you have only the best interests of your school districts in mind and are committed to ensuring that scarce public funds are not wasted. At the same time, it is difficult to reconcile the manner your county conducted its E-Rate contract with principles of efficiency and accountability. To better understand the scope of Cochise County's E-Rate funding request, I would respectfully request responses to the following questions no later than September 21, 2019:

1. How many school and library locations in Cochise County, in total, already have a fiber-based Internet connection? Have these schools or libraries had capacity/bandwidth demands that the existing service provider was unwilling or unable to provide?
2. How many non-E-Rate eligible locations owned by the county government are included in the RFP and why were they included in an E-Rate proposal? What are the estimated costs under the accepted RFP for providing service to these facilities?
3. Will the backbone network that would be used to provide service to these county government locations be the same backbone network used to provide service to the eligible locations? If not, is there a separate construction cost for the county locations?
4. Does the RFP include a request to build fiber to the Cochise Technology District's Superintendent's private residence? If so, please explain why and the estimated cost of doing so.
5. Did County leadership or your office monitor, supervise, or oversee the CCETC RFP preparation? Did you or your office approve the inclusion of non-eligible locations within the RFP?
6. Did County leadership or your office conduct any cost analysis for fiber buildout and service to those schools and libraries that are unserved by existing providers? If so, please provide documentation of such analysis.
7. Given the extensive costs involved, what efficiencies were presented to justify combining service to all the schools and libraries within the district under one provider? Please provide documentation and evidence of such representations.
8. What private entities or consultants worked with the county to prepare its RFP?

Thank you for your assistance with this concerning matter and your timely responses.

Sincerely,

Michael O'Rielly

cc: Radha Sekar, CEO, USAC