



CASE EXAMPLE 2

Leased dark fiber with special construction



Form 470 & RFP

School District A asks for a 5 year contract on 4 strands of leased dark fiber over 200 miles for a district WAN (a total of 800 strand miles) to connect their 40 campuses. **School District A has an 80% E-rate discount and a 5% commitment from the State for matching funds on special construction.**

The district asks respondents to separate out any special construction/non-recurring costs for fiber that must be newly built to meet the requirements. They also ask vendors to provide quotes for 10Gbps equipment to place the fiber into service.



Evaluation of Bid Options

School District A receives multiple bids. After evaluating the bids, School District A chooses Vendor A as its solution. Vendor A proposes a leased dark fiber WAN solution with a four year contract. Vendor A determines it must build 25 miles of new fiber to meet the 200 mile requirement. Please see breakdown of cost for more details.



Form 471

District A files a 471 indicating it has selected Vendor A and checks the state match availability box on the 471. The 471 passes the PIA (program integrity assurance) process and District A receives a positive funding commitment from USAC.

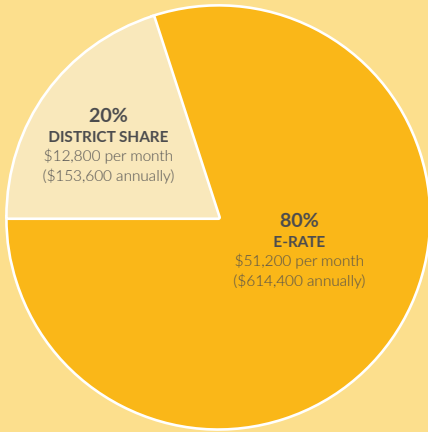
An overview of Vendor A's solution

SCHOOL DISTRICT A HAS AN 80% E-RATE DISCOUNT AND A 5% COMMITMENT FROM THE STATE FOR MATCHING FUNDS ON SPECIAL CONSTRUCTION

Monthly Recurring Charges (MRC)

$$\begin{matrix} \$80 & \times & 800 & = & \$64,000 \\ \text{PER STRAND MILE} & & \text{NUMBER OF MILES} & & \end{matrix}$$

Breakdown of monthly recurring charges

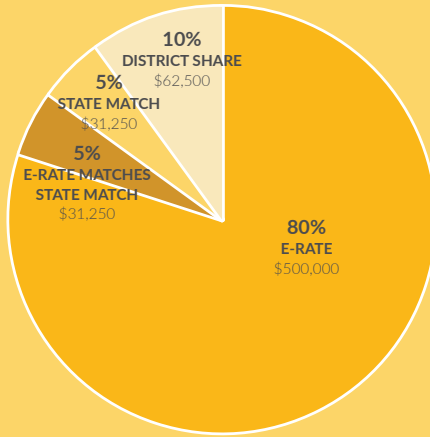


District A needs to apply for this funding each year, as it is a recurring Category One service, but will not be required to go out to bid for the three remaining years of the contract.

Special Construction Cost*

$$\begin{matrix} \$25,000 & \times & 25 & = & \$625,000 \\ \text{PER MILE} & & \text{MILES} & & \end{matrix}$$

Breakdown of special construction costs



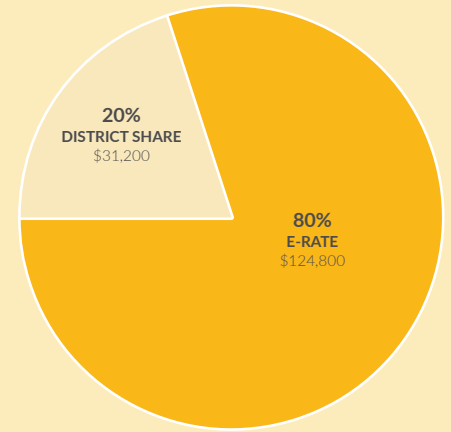
*Special construction projects deploy new fiber or upgraded facilities to E-rate Program eligible locations. Special construction charges are the upfront, non-recurring costs of such installations or upgrades. Special construction consists of three components: (1) construction of network facilities; (2) design and engineering; and (3) project management. Charges for network electronics needed to light the fiber, while eligible for Category One support, are not considered part of special construction.

Equipment

\$156,000

10GBPS NETWORK EQUIPMENT

Breakdown of one-time equipment costs



Since this equipment is being used to place leased dark fiber into service, it is eligible for Category One funding.

Overview of District Share

	Year 1	Year 2	Year 3	Year 4
				Contract up for renewal
MRC	\$12,800 per month (\$153,600 annually)	\$12,800 per month (\$153,600 annually)	\$12,800 per month (\$153,600 annually)	\$12,800 per month (\$153,600 annually)
Special Construction	\$62,500	—	—	—
Equipment	\$31,200	—	—	—
Total cost for District A annually	\$247,300	\$153,600	\$153,600	\$153,600