

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Request for Review of the	)	
Decision of the	)	
Universal Service Administrator by	)	
	)	
Terral School District 3	)	File No. SLD-118223
Terral, Oklahoma	)	
	)	
Federal-State Joint Board on	)	CC Docket No. 96-45
Universal Service	)	
	)	
Changes to the Board of Directors of the	)	CC Docket No. 97-21
National Exchange Carrier Association, Inc.	)	

**ORDER**

**Adopted: September 18, 2000**

**Released: September 19, 2000**

By the Common Carrier Bureau:

1. The Common Carrier Bureau (Bureau) has under consideration a Letter of Appeal filed by the Terral School District 3 (Terral), Terral, Oklahoma on May 1, 2000, pursuant to section 54.719(c).<sup>1</sup> Terral seeks review of a decision of the Schools and Libraries Division (SLD) of the Universal Service Administrative Company, denying in part Terral's request for funding of internal connection services. For the reasons discussed below, we grant the appeal in part and remand this matter to SLD.

2. By letter dated July 8, 1999, SLD granted Terral's request for a discount on the cost of installing a Cisco 2610 router for connection to a T-1 line (Funding Request Number 174632), but modified the request to exclude the cost of an integrated data service unit/channel service unit wide area network interface card (WAN Interface Card or Card).<sup>2</sup> Terral appealed SLD's decision, arguing that "[t]echnical information about this Cisco router indicates that there can be no Internet T1 connection . . . in the absence of [the Card]."<sup>3</sup> SLD denied Terral's appeal, stating simply that the Card "is an ineligible

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<sup>1</sup> Letter from Howard Kuchta, Kellogg Consulting, L.L.C., on behalf of Terral School District 3, to Office of the Secretary, FCC, filed May 1, 2000 (Letter of Appeal). Section 54.719(c) of the Commission's rules provides that any person aggrieved by an action taken by a division of the Administrator may seek review from the Commission. 47 C.F.R. § 54.719(c).

<sup>2</sup> Letter from Schools and Libraries Division, Universal Service Administrative Company, to Howard Kuchta, Kellogg Consulting, L.L.C., on behalf of Terral School District 3, dated July 8, 1999.

<sup>3</sup> Letter from Howard Kuchta, Kellogg Consulting, L.L.C., on behalf of Terral School District 3, to Schools and Libraries Division, filed August 3, 1999.

product under program rules.”<sup>4</sup> In the instant appeal, Terral argues that the Card is eligible for funding because it is an essential component of the Cisco 2610 router, which has been found to be eligible for funding.<sup>5</sup>

3. In *White Sulphur Springs School District*, the Bureau concluded that where a router and channel service unit/data service unit equipment are “marketed primarily to be used for what is an eligible service, namely to provide Internet access for small LANs,” and the applicant uses the router only for this purpose, “the presence of additional, peripheral WAN functionality in the router, which is not being used, does not render the router ineligible for funding as a part of wide area network facilities.”<sup>6</sup> Terral does not specifically assert that the WAN Interface Card at issue here is not being used for wide area network purposes.<sup>7</sup> Nevertheless, the technical materials provided by Terral indicate that the Card’s primary function is to serve as a data service unit/channel service unit, which is eligible for funding.<sup>8</sup> Moreover, SLD’s finding of ineligibility appears to be inconsistent with its decision to fund the Cisco 2610 router, given the fact that the router and the Card are integrated components and the Card’s WAN functionality can be used only together with the router. Under these circumstances, and in the absence of an explanation by SLD of the basis for its decision, we conclude that the record does not support SLD’s ineligibility finding. Accordingly, we shall remand to SLD for further consideration.<sup>9</sup> In particular, SLD should determine whether Terral would be using the router and associated Card for wide area network purposes.

4. ACCORDINGLY, IT IS ORDERED, pursuant to authority delegated under sections 0.91, 0.291, and 54.722(a) of the Commission’s rules, 47 C.F.R. §§ 0.91, 0.291, and 54.722(a), that the appeal filed by Terral School District 3, Terral, Oklahoma on May 1, 2000 IS GRANTED to the extent provided herein. We direct the Schools and Libraries Division to review Terral’s funding

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<sup>4</sup> Letter from Schools and Libraries Division, Universal Service Administrative Company, to Howard Kuchta, Kellogg Consulting, L.L.C., on behalf of Terral School District 3, dated April 7, 2000.

<sup>5</sup> Letter of Appeal. Terral also points out that the Eligibility List does not address the subject device, but treats “connectors” and “circuit cards” as eligible for funding. The Eligibility List provides guidance on the eligibility of various products and services and is available on the SLD Website at [www.sl.universalservice.org/reference/eligible.asp](http://www.sl.universalservice.org/reference/eligible.asp).

<sup>6</sup> *Request for Review of the Decision of the Universal Service Administrative Company by White Sulphur Springs School District*, 14 FCC Rcd 3396, 3397-98 (C.C.Bur. 1999) (*White Sulphur Springs*) (applicant entitled to discount for “a Kentrox Pacesetter T1 Access Router, which included integrated DSU/CSU and ISDN HS WAN[,]” where applicant stated that it used the router “neither for WAN purposes generally nor specifically for remote access[,]” and its contract with the service provider explicitly prohibited remote access use of the router); see 47 C.F.R. § 54.518 (“To the extent that states [or] schools . . . build or purchase a wide area network to provide telecommunications services, the cost of such wide area networks shall not be eligible for universal service discounts.”).

<sup>7</sup> See *White Sulphur Springs*, 14 FCC Rcd at 3398.

<sup>8</sup> See Letter of Appeal at 7 (Card “takes the signal from the T-1 . . . line and converts it into data” that the router then transmits to desktop machines).

<sup>9</sup> In so doing, we do not suggest that *White Sulphur Springs* requires a decision in Terral’s favor, but that under the circumstances SLD’s failure to explain the basis for its decision requires remand.

application and, if warranted, to issue a revised Funding Commitment Decision Letter in accordance with the above-stated decision.

FEDERAL COMMUNICATIONS COMMISSION

Carol E. Matthey  
Deputy Chief, Common Carrier Bureau