CASE EXAMPLE 3

**Consortium self-provisioned fiber solution**

**Form 470 & RFP**
A group of 7 small rural districts that have been unable to find a cost-effective solution for their bandwidth needs form an E-rate consortium. After selecting a consortium leader and collecting their Forms 479 Consortium B files a Form 470 and RFP requesting proposals for a WAN connecting all of the member entities. The RFP indicates that, per E-rate rules, proposals for lit fiber, leased dark fiber, transport, and self-provisioned solutions will all be considered. Based on the discount percentages of the member districts, the Consortium’s overall discount level is 78% (more information on calculating consortium discounts on the USAC site), and the State offers a 10% matching fund on special construction costs.

**Evaluation of Bid Options**
The Consortium receives multiple bids. After evaluating the bids, the Consortium chooses Vendor C as its solution. Vendor C proposes a self provision fiber WAN solution with a four year maintenance contract. Vendor C determines it must build 82 miles of new fiber to connect the member campuses. Please see breakdown of cost for more details.

**Form 471**
The Consortium files a 471 indicating it has selected Vendor C and checks the state match availability box on the 471. The 471 passes the PIA (program integrity assurance) process and the Consortium receives a positive funding commitment from USAC.
### Breakdown of annual charges

**Fiber Maintenance and Operations**

\[ \text{\$300 \times 82 = \$24,600} \]

**Special Construction Cost**

\[ \text{\$33,000 \times 82 = \$2,706,000} \]

**Equipment**

\[ \text{\$52,000} \]

The Consortium 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.

### Breakdown of special construction costs

Since this equipment is being used to place self-provisioned fiber into service, it is eligible for Category One funding.

### Overview of Consortium Share

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
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</thead>
<tbody>
<tr>
<td><strong>Fiber Maintenance and Operation</strong></td>
<td>$24,600</td>
<td>$24,600</td>
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<tr>
<td><strong>Special Construction</strong></td>
<td>$54,120</td>
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<td><strong>Equipment</strong></td>
<td>$11,440</td>
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<tr>
<td><strong>Total cost for Consortium per year</strong></td>
<td>$90,160</td>
<td>$24,600</td>
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