

ONE HUNDRED TWELFTH CONGRESS  
**Congress of the United States**  
**House of Representatives**  
COMMITTEE ON ENERGY AND COMMERCE  
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WASHINGTON, DC 20515-6115

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June 4, 2012

Mr. Jimmy Gianato  
West Virginia Statewide Broadband Infrastructure Project  
Executive Office, State of West Virginia  
1900 Kanawha Blvd. East  
Charleston, WV 25305-0009

Dear Mr. Gianato:

Perhaps you can help us get to the bottom of claims of wasteful spending surrounding a \$126.3 million broadband grant that the National Telecommunications and Information Administration awarded West Virginia under the American Recovery and Reinvestment Act. Almost two years ago, West Virginia spent \$24 million to purchase 1,064 "Cisco 3945 series" routers designed to serve hundreds or thousands of users, according to a series of articles by the *Charleston Gazette*. The Subcommittee on Communications and Technology held a hearing on May 16, 2012, at which Members discussed the allegations. According to the articles, one third of the routers remain in storage, many sit in libraries with fewer than a dozen computers, and the routers purchased for more than 300 of the sites are not even needed. The *Charleston Gazette* also reported that each router cost \$22,600 but that a router suited for use at a rural library should cost \$487, a potential savings of up to \$23 million if the State had purchased smaller, cheaper routers.

When we asked U.S. Commerce Department Assistant Secretary for Communications and Information Larry Strickling about the issue at the May 16 hearing, he responded: "Don't believe everything you read in the newspaper." He testified that the routers cost on average \$12,000, not \$22,600, and that some of the routers were "going into very large facilities, like universities and hospitals."

Assistant Secretary Strickling has since provided the Committee with documentation which shows that each router cost \$12,026; however, that figure excludes the additional reported cost of a five-year maintenance contract (\$8,383,107) and equipment add-ons (\$2,870,118) associated with the router purchase. His letter asserts that the State "considered alternative approaches and determined that a single standard router platform was the most logical and practical alternative."

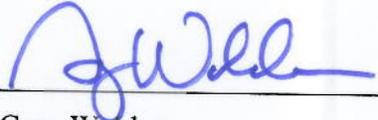
Assistant Secretary Strickling's letter also addressed the State's Fourth Quarter Progress Report, which suggested that West Virginia's fiber build-out list has "decreased dramatically." The letter explains that after the award of the grant, the State discovered that 340 anchor institutions already had fiber and about 80 institutions were already "adequately served, both in terms of fiber and hardware." According to the letter, the State has connected 546 anchor institutions using Federal grant funding, and plans to upgrade or connect another 618 anchor institutions.

To help us better understand the circumstances surrounding the grant and the use of Federal funds, please reply to the following questions and requests for information by June 18, 2012:

1. What did the State propose to use the \$126.3 million for?
2. How much of that money has West Virginia spent to date and on what did it spend it? Please provide an itemized breakdown, indicating the amount spent and whether the expenditure (a) resulted in the first-time availability of the device or service at the deployed location or (b) was for an upgrade or replacement of existing equipment or service. If an upgrade or replacement, please indicate the reason for such upgrade or replacement.
3. Please list the anchor institutions the State planned to connect to fiber or install the routers in at the time of the grant application. For each institution, please note whether the State planned to connect fiber or install a router, or both, and the number of workstations at the institution. Please also denote the institutions that the State has concluded no longer require fiber build-out or a new router, or both, as well as the anchor institutions where the State will build out fiber or install new routers instead.
4. How did the State evaluate its need for fiber build-out, routers and related equipment? Please describe the process the State used, including the work done prior to the State's application, to ensure that the fiber it planned to install and the routers it planned to purchase were actually needed.
5. Please provide product information—including the standard use case—for the routers purchased by the State with Federal funding. Why did the State choose this particular router rather than another? Did the State consider purchasing two classes of routers, one class for large institutions and one for smaller institutions? Please describe the review process the State used to consider alternative approaches and determine that a single standard router platform was the best use of taxpayer funds.
6. How many of the routers are currently in storage, and why?
7. Did the State use a competitive process to purchase the routers? If so, please describe that process. Please include any requests for proposal, bids, and other documentation of that process.

8. The request for proposal sought a purchase of 1,064 routers, but its last section apparently sought to purchase another 100 routers. Please describe the differences, if any, between the initial 1,064 routers and the additional 100. Why did the State structure its request in this way?

If you have any questions, please don't hesitate to contact Neil Fried at (202) 225-2927 or Greta Joynes at (202) 225-5271.



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Greg Walden  
Chairman  
Subcommittee on Communications  
and Technology



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John Shimkus  
Chairman  
Subcommittee on Environment and the  
Economy

cc: The Honorable Henry A. Waxman, Ranking Member  
  
The Honorable Anna G. Eshoo, Ranking Member  
Subcommittee on Communications and Technology  
  
The Honorable Larry Strickling  
Assistant Secretary for Communications and Information and  
Administrator  
National Telecommunications and Information Administration  
  
The Honorable Todd Zinser  
Inspector General  
U.S. Department of Commerce