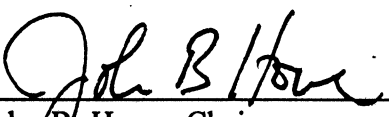
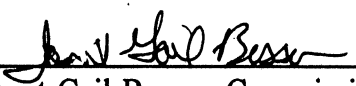


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FURTHER ORDERED: That within seven days of this Order, the Secretary of the Department shall serve a copy of this Order on the persons identified on the service list prepared for this inquiry to include all registered or certified telecommunications service providers operating in the Commonwealth, the Attorney General of the Commonwealth, the National Consumer Law Center, the Massachusetts Department of Education, the Executive Office of Economic Affairs and towns and municipalities within the Commonwealth.²

By Order of the Department,


John B. Howe, Chairman


Janet Gail Besser, Commissioner

A true copy
Attest:

MARY L. COTTRELL
Secretary

² To the extent possible, the Department intends to utilize the resources of such organizations as the Education and Library Networks Coalition (EdLiNC), the Massachusetts Department of Education, and other relevant associations in disseminating notice of this proceeding.

established at the federal level to expedite participation by schools and libraries in Massachusetts. However, the Department may reconsider the discount levels if future circumstances warrant. Accordingly, the Department votes to open an investigation to establish intrastate discounts for schools and libraries, pursuant to § 254(h)(1)(B) of the Act.

III. SOLICITATION OF COMMENTS

Any interested person may file written comments on the Department's proposal to adopt intrastate discounts equal to those established at the federal level. One original and nine copies of all comments should be filed with Mary L. Cottrell, Secretary, Department of Public Utilities, 100 Cambridge Street, 12th Floor, Boston, Massachusetts 02202, on or before July 24, 1997 at 5:00 p.m. The Department thereafter will determine whether additional comments, hearings, or technical sessions are necessary, and will issue a notice of schedule accordingly.

IV. ORDER

Accordingly, the Department hereby

VOTES: To open an investigation for the establishment of intrastate discounts for schools and libraries, pursuant to Section 254(h)(1)(B) of the Telecommunications Act of 1996, 47 U.S.C. § 151 et seq.; and it is

ORDERED: That within four days of the date of this Order, the Secretary of the Department shall publish the accompanying legal notice in the Boston Globe, the Boston Herald, the Worcester Telegram and the Springfield Union-News; and it is

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adopt intrastate discounts that are at least equal to the discounts on interstate services as a condition of federal universal service support for schools and libraries in a given State. Id. States may adopt intrastate discounts that are greater than those established as federal levels. Id. at ¶ 551. However, the incremental difference between any increased discounts adopted by the State and the discounts adopted at the federal level will not be eligible for federal support. See id. Therefore, a state that chooses to adopt greater discounts must also establish a funding mechanism to support the difference between the federal and state discounts.

The FCC determined that federal support will be available on a first-come, first-served basis. Id. at ¶ 535. The FCC is currently organizing an administrative structure that will have responsibility for implementation of the new universal support mechanisms.

Id. at ¶ 867. Once that structure is in place, schools and libraries may begin the application process to establish their eligibility for particular discounts levels. Funds will first become available on January 1, 1998 for use during the 1997-1998 school year. Id. at ¶ 607.

II. VOTE TO OPEN INVESTIGATION

As noted above, the FCC has determined that federal support for designated telecommunication services provided to eligible schools and libraries will be available on a first-come, first-served basis. However, state public utility commissions must adopt intrastate discounts that are at least equal to the interstate discounts before schools and libraries may become eligible to receive discounted services. Thus, to ensure that eligible schools and libraries in Massachusetts benefit from federal funding, we find that it is necessary to open this investigation.

At this time, the Department intends to adopt intrastate discounts equal to those

the percentage of students eligible for the national school lunch program in the school district and whether the school or library is located in a rural or urban area. Id. at ¶ 492, 509, 512.

Thus, the FCC adopted the following matrix:

SCHOOLS AND LIBRARIES DISCOUNT MATRIX		DISCOUNT LEVEL	
HOW DISADVANTAGED?		urban	rural
% of students eligible for national school lunch program	(estimated % of US schools in category)	discount (%)	discount (%)
< 1	3	20	25
1-19	31	40	50
20-34	19	50	60
35-49	15	60	70
50-74	16	80	80
75-100	16	90	90

Id. at ¶ 520.

The FCC stated that schools and libraries will be required to solicit competitive bids for services to be eligible for discounts. Id. at ¶ 480. Carriers will not be allowed to submit bids higher than the lowest price they charge to similarly situated non-residential customers in their geographic service area for similar services (i.e., "the lowest corresponding price").

Id. at ¶ 484. Schools and libraries must meet certain certification requirements to become eligible for a particular discount level. Id. at ¶ 522.

The FCC Order establishes a funding mechanism for the provision of both interstate and intrastate services for schools and libraries. Id. at ¶ 550. However, States are required to

ORDER OPENING INVESTIGATION

On May 8, 1997, the Federal Communications Commission ("FCC") issued FCC Order No. 97-157 ("Order")¹ implementing § 254(h) of the Telecommunications Act of 1996 ("the Act"), which addresses universal service. Among other things, the Act establishes discounts on certain telecommunication and related information services to ensure that eligible schools and libraries have affordable access to such services. Section 254(h)(1)(B) states in relevant part:

All telecommunications carriers serving a geographic area shall, upon a bona fide request for any of its services that are within the definition of universal service . . . provide such service to elementary schools, secondary schools, and libraries for educational purposes at rates less than the amounts charged for similar services to other parties. The discount shall be an amount that the [FCC], with respect to interstate services, and the States, with respect to intrastate services, determine is appropriate and necessary to ensure affordable access to and use of such services by such entities.

In its Order, the FCC determined that eligible schools and libraries should receive discounts of between 20 percent and 90 percent on all telecommunications services, Internet access, and internal connections provided by telecommunications carriers, subject to an annual federal spending limit of \$2.25 billion. Order at ¶ 425, citing 47 U.S.C. §§ 254(c)(3) and 254(h)(1)(B). The FCC also determined that economically disadvantaged schools and libraries, as well as schools and libraries located in rural areas, shall receive greater discounts to ensure affordable access to designated services. Id. at ¶ 425, 504. Finally, the FCC determined that the range of discounts for eligible schools and libraries will be correlated to

¹ In Re Federal-State Joint Board on Universal Service, CC Docket No. 96-45, FCC 97-157 (May 8, 1997).



The Commonwealth of Massachusetts

DEPARTMENT OF PUBLIC UTILITIES

June 30, 1997

D.P.U. 97-68

Investigation by the Department of Public Utilities on its own motion for the establishment of discounts on intrastate telecommunications services provided to schools and libraries, pursuant to Section 254(h)(1)(B) of the Telecommunications Act of 1996, 47 U.S.C. §§ 251 et. seq.

CAMBRIDGE MA.

97 JUL -2 AM 9:59

RECEIVED BY
OFFICE OF CITY CLERK

Consent Communications #15

S-471

Notice was received from Department of Public Utilities, transmitting an order implementing the Telecommunications Act of 1996 which establishes discounts for eligible schools and libraries.

In City Council August 4, 1997

Referred to the
City Manager