

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska Public Service)	Application No. C-1558
Commission on its Own Motion to Consider)	
the Establishment of Intrastate Discounts)	Intrastate Discounts Adopted
Applicable to Telecommunications Services)	
for Schools and Libraries in the State of)	
Nebraska.)	Entered: July 15, 1997

BY THE COMMISSION:

On June 11, 1997, this Commission opened a docket on its own motion to determine the level of discounts to be established for intrastate telecommunications services for schools and libraries in the State of Nebraska. Notice of the docket was published in The Daily Record on June 16, 1997. Notice of the docket was also sent to the Omaha World-Herald, the Lincoln Journal-Star and television station KOLN/KGIN in Lincoln. By first-class mail, local exchange carriers, State Universal Service Task Force members representing the interests of schools and libraries, the State Department of Education director and the State Universal Service Task Force chair were notified of the commencement of this docket and of the opportunity to submit written comment to the Commission regarding an intrastate discount rate for schools and libraries. Comments were to be submitted on or before July 11, 1997. Comments were filed by the Nebraska Library Commission, the Nebraska Library Association, the Nebraska State Education Association, GTE, US West, Educational Service Unit 10 and the school districts of Anselmo-Merna, Aurora, Cozad, Grand Island, Hastings, Lakeview and Schuyler Central.

OPINION AND FINDINGS

The Telecommunications Act of 1996 (the Act) directed the FCC and state commissions to take steps necessary to establish support mechanisms to ensure affordable telecommunications services are provided to all Americans, including low-income consumers, eligible schools and libraries and rural health care providers.

On May 8, 1997, the FCC released its Report and Order implementing the recommendations of the Federal/State Joint Board on Universal Service (*See* FCC Order 97-157, CC Docket 96-45). Paragraphs 424 through 606 of the Report and Order discussed the discounts for elementary and secondary schools and libraries. The FCC Order provides for the funding of both interstate and intrastate services for schools and libraries.

Eligibility for funding from the interstate Universal Service Fund is conditioned upon the states adopting the federal discount levels for intrastate services. That is, no state funding for intrastate discounts is required provided the FCC discount levels are adopted. The discounts range from twenty percent (20%) to ninety percent (90%) for all telecommunications services, including Internet access and internal connections, subject to a \$2.25 billion annual cap. The

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range of discounts established by the FCC is correlated to students' eligibility for the national school free and reduced lunch program, and urban or rural location based on metropolitan statistical areas (MSAs).

The following discount matrix has been adopted by the FCC:

<u>% Eligible for National School Lunch Program</u>	<u>How Disadvantaged</u> <u>Estimated % of U.S. schools in category</u>	<u>Discount level</u>	
		<u>Urban %</u>	<u>Rural %</u>
<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

Discounts are to be applied to pre-discount prices. The pre-discount price is significant because it is the total price that carriers would receive for the services they sell to schools and libraries. Schools and libraries must pay the undiscounted portion of the price, the carrier would receive the amount of the discount from the universal service support mechanisms. The FCC believes this will give schools and libraries a strong incentive to secure the lowest pre-discount price.

The FCC states in its Order that the pre-discount price is not to be higher than the lowest price the carrier charges to similarly situated non-residential customers for similar services. The FCC declined to require carriers to file new tariffs to reflect the discounts it has adopted for schools and libraries, but rather, to apply the discount to existing tariff rates where appropriate. We believe this is appropriate for Nebraska carriers as well. Accordingly, we do not require that tariffs reflecting the discounts for schools and libraries be filed.

While we acknowledge that the carriers in Nebraska, and ultimately the ratepayers in this state will be contributors to the federal universal service fund, if the FCC discount matrix is not adopted, Nebraska schools and libraries will not be able to avail themselves of federal funds. Taking into consideration the written comments filed herein, we find the discount range set by the FCC in Order No. 97-157, CC Docket 96-45 to be fair and reasonable.

ORDER

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that the discount matrix established by the FCC be mirrored so that schools and libraries in Nebraska be eligible to receive federal funding for intrastate services.

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IT IS FURTHER ORDERED that the discount matrix contained in FCC Order 97-157, CC Docket 96-45, which is contained in the body of this order, be, and it is hereby, adopted.

MADE AND ENTERED at Lincoln, Nebraska this 15th day of July, 1997.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

//s//Rod Johnson
//s//Frank E. Landis
//s//Daniel G. Urwiller

Chairman



ATTEST:

Deputy Director



SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION
